

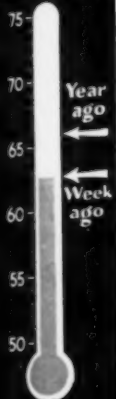
APRIL 27

1935

APR 30 1935

# BUSINESS WEEK

BUSINESS INDICATOR



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Greatest tire ever  
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# Firestone

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BUSINESS WEEK

# Washington Bulletin

WASHINGTON (By Business Week Staff Correspondents)—The President is in no hurry to start the big pump-priming to end all pump-priming. He proposes to take a couple of months to turn about, see just how everything stacks up.

Cynics say he is holding back to make the timing perfect for election next year. Friendlier interpretation is that he hopes so to arrange the program that peak of employment will be reached at what normally would be a dull season.

## Frank Walker's Virtues

Roosevelt has leaned on Frank Walker, picked to head the sifting board, since 1930. Walker never wanted anything for himself. Besides, he has no pet schemes for reforming the world that he wants the government to try. That leaves his mind free to function clearly and coldly on any proposition. At the same time, he knows where campaign contributions come from and even how delegates are secured. Senators and Representatives like him.

## Legislative Forecast

Prospects for NRA legislation remain nebulous, probably will stay so until after the Supreme Court decision on the Schechter poultry case. The Wagner bill's status is unchanged. Union labor has not succeeded in forcing the President's hand on it. The work relief employment prospects have dampened the chances for a compromise 30-hour week. The soldier bonus compromise still is to be expected. Old-age pensions and unemployment insurance still are figured to pass about as the President wants them. The President was surprised (and delighted) that the pacifists centered their fire on the naval maneuvers in the Pacific instead of on the increases in the Army and Navy, which slipped through easily.

## Silver Up Too Fast

The Administration is not very happy over the recent skyrocketing of silver. The Treasury wanted the advance to be much more gradual. Now it will have to pay more for newly-mined metal and for silver bought abroad, all of which eats into that \$2-billion devaluation profit the Treasury hopes to engineer.

## Utility Bill Progress

Oddly enough, it is a House and not a Senate committee which really is doing the serious job of rewriting the utility holding company bill. The holding companies are suffering acute-

## CONGRESS UNTIL FALL

*Pay no attention to various forecasters predicting early adjournment dates for Congress, or speedy passage of various "must" lists of legislation. Time does not figure in the present session. No measure of any real importance will die because of any log jam right at the end. Anything in that kind of jam will be there because the Administration wants it there. The probable date of adjournment is August or September, and more likely later than earlier.*

ly from the barbs of the Wheelerites on the Senate committee, but the final text of the bill is being written at the other end of the Capitol.

## Bank Bill Maneuvers

Confirmation of Eccles as governor of the Federal Reserve Board finally came through. It always was predicted by *Business Week*. Senators Glass and McAdoo don't like it, but they had no real hope of blocking it. That is the way they feel also about the banking bill. Steagall is pulling a fast one. He has persuaded the House to knock out of the bill the provision requiring all banks to become members of the Federal Reserve on a certain date. Now, Steagall wants that in the bill, and it will go to the White House that way. It will be restored in conference. Glass is terribly anxious to force all banks into the Reserve, and he will surrender almost any other point to get that. All of which Steagall knows. Which means the final bill will read about like the Administration first draft.

## Security Secure

The social security program will go through so much like what the President wants that the final measure could not possibly be construed as a defeat. Most of the senators desperately opposed to him want to go even further on this plan than he does. Those who would like to vote against it are afraid of the consequences, especially on the old-age pension feature. They regard

this as the best compromise they can get with the Townsendites who are making trouble back home. So conservatives and radicals cancel out.

## Textile Obsolescence

The Presidential committee studying the New England cotton textile troubles is expected to put heavy emphasis upon obsolescence of plant and equipment, especially in contrast with up-to-the-minute Japanese plants. Cheap government loans for modernization will be offered, with suggestions that mills that cannot be modernized be scrapped, thus reducing surplus capacity. All of this will be highly distasteful to the New Englanders who want a blast against inadequate tariff, lack of enforcement of anti-dumping law, and processing taxes. Hearings of New England and Southern spinners before the Dickinson committee are just starting.

## 5-Cent Beer

The 5-cent glass of beer won a victory last week. Almost without consideration, the Senate Apr. 15 passed a bill declaring hops a basic commodity and providing for processing taxes, though without fixing the amount. Indignant brewers sent a deluge of telegrams. The bill was reconsidered, is now on the calendar. Oregon and Washington hops growers must rely on marketing agreements, say the brewers. Also moving toward cheap beer, the brewers voted 3 to 2 in a code referendum against cooperative advertising with retailers, giving away accessories, and so on.

## ICC on Waterways

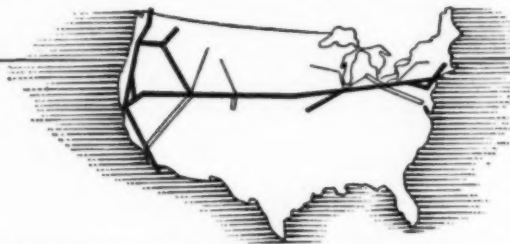
Legislation for regulation of inland water carriers is moving up behind the bill to regulate highway carriers, as President Roosevelt reiterates his preference for centralizing authority over all transportation in ICC.

## Tariff Dickerers' Troubles

Attempts to get Italy, Poland, and other countries to lift drastic quota restrictions against American goods seem to be getting nowhere. For example, an intense effort to get Italy to accept more than one-quarter of the automobiles and various types of machinery she took from us last year runs into the question, what will Italy use for money? Meaning, what will we take in trade from her? Italy wants American tariff restrictions down on lemons, tomato paste, straw and felt hats, and silk. State Department officials throw up their hands, think of the repercussion. The hat item alone would be enough to turn Baltimore Republican, not to mention Danbury, up in Homer Cummings' Connecticut.



# WHICH AIR LINE SHALL I CHOOSE?



*Travel by air—and let these answers  
help you select the most satisfactory way*

**Q. What is the most popular route?**

**A.** The famous, Straight-Across-America "Mid-Continent" Route, known officially as "USA No. 1", flown by United Air Lines. For nearly a century this travel-way has dominated transcontinental traffic. United offers frequent time-saving flights between such cities as New York, Philadelphia, Cleveland, Chicago, Omaha, Denver, Salt Lake City, and Pacific Coast cities. Scores of other principal points throughout the country are served by United via connecting lines.

**Q. What route offers the best scenery?**

**A.** For interesting variety no route can equal United's "Mid-Continent", with the forested hills, the rolling plains, rivers, lakes and glorious plateaus and vistas of the Far-West. You see America's grandest scenery.

**Q. Which line has the better planes?**

**A.** All of the major lines have splendid planes. United flies famous Boeing twin-engined transports exclusively—quiet, modern, 3-mile-a-minute "ships", exceptionally fast and sturdy. They are popular both for their comfort and their unsurpassed performance records.

**Q. Which line has the most experience?**

**A.** United, by far. This line, in nearly ten years of flying has covered 80 million miles—more than any line in the world. United's pilots (each plane carries two) are thoroughly experienced, with thousands of hours of flying to the credit of every man. Nearly 1400 experts serve you on United routes, insuring not only dependability but also every refinement of service.

**Q. Which line is fastest?**

**A.** Several lines are about equal. There is only a matter

of minutes difference, usually—even on long distance flights. *Between many cities United's flights are the fastest due to the direct Mid-Continent Route and fast planes. But mere speed is never allowed to interfere with passenger comfort on United. It is generally more important to pick a convenient time of departure and arrival and to fly at smooth, comfortable levels, than to save a few minutes of flying time.*

**Q. Do all lines offer the same service?**

**A.** Decidedly *not!* Here, after all, is the big difference in air lines. Experienced travelers praise United's *personalized* service and the unfailing courtesy of our friendly employees. To the "Who's Who" roster of United passengers, its stewardesses are charming hostesses. You are made to feel at home, with every want anticipated. These alert young women serve your delightful complimentary luncheons, even your cigarettes. They provide you with latest newspapers and current magazines, point out the scenic places, make your trip comfortable and interesting. Mothers with children, and ladies traveling alone, choose United because it has a stewardess on every plane.

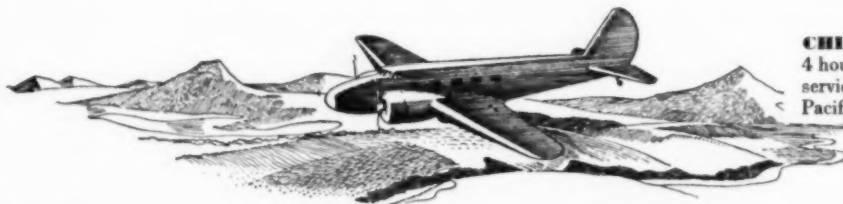
Then there are splendid United station facilities, along your route. There are scores of little courtesies and "extras" you get in no other form of travel. But no extra charges, no tips. *You are a guest of the Line!*

**Q. How about schedules, reservations?**

**A.** Call United Air Lines Offices, travel bureaus, hotel porters, Western Union or Postal Telegraph Offices.

## UNITED AIR LINES

FLIES MORE PASSENGERS THAN ANY OTHER LINE IN THE WORLD

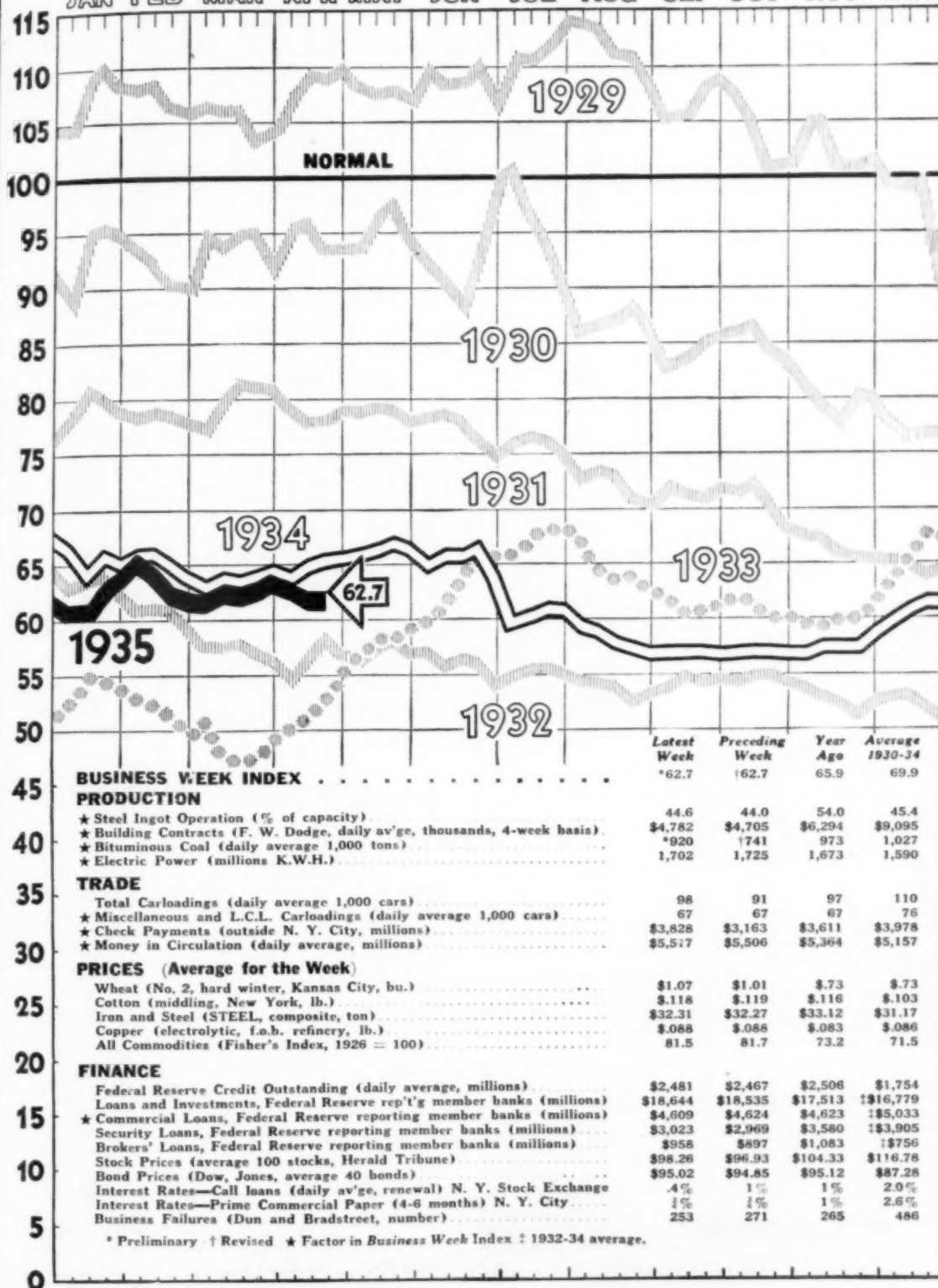


**CHICAGO—NEW YORK:** Now 4 hours 20 minutes. 1½ hours faster service from Los Angeles and other Pacific Coast cities to New York.



# WEEKLY INDEX OF BUSINESS ACTIVITY

JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC



*Is your*  
Product

HERE



—and if not, why not?

If your product isn't moving over the counter as swiftly as it should—what's wrong?

Is it the product itself? Probably not. Our experience has been that when sales are slow the trouble is usually at the point of sale. The product isn't getting seen . . . it isn't getting the right display . . . its package isn't creating the urge to buy . . . the dealer isn't getting the proper help.

If you think your problem may be in the retail store, has it occurred to you that the American Can Company might be of help? Has it occurred to you that a company specializing in two basic merchandising weapons

—packages and point-of-sale displays—must have quite a merchandising background? To create packages that sell—to design and build merchandising pieces that get goods seen, examined, bought—we have had to know what goes on in retail stores from both sides of the counter.

Possibly in this broad experience, with thousands of products in almost every field, there may be something of value to you. If you have a retail problem, we should be glad to work with you and contribute what we can. Drop a line to the Sales Promotion Department of the American Can Company, 230 Park Avenue, New York City.

**AMERICAN CAN  
COMPANY**

**230 PARK AVENUE**

**NEW YORK**

*Why does American Can Company concern itself with problems of retail merchandising?*

Our reasons are the same as yours. *We cannot sell more packages than you sell for us—you cannot sell more than the consumer buys. The consumer is our common goal.*

# The Business Outlook

INSTEAD of the precipitous decline in general business activity which has been so freely forecast for the second quarter, there is evident a rather surprising stability. The summer slackening of pace will probably not be avoided this year, particularly in view of the voluntary contraction in textile mills, but there is no indication that drastic restriction of general trade will occur.

A ray of hope penetrated even the gloomy corridors of financial districts as stock prices in 5 weeks recovered virtually all that had been lost during the first quarter. Utility issues have fared particularly well in recent weeks. Corporation refunding issues in March were the largest in months. The orthodox procedure of the Administration in calling Liberty Bond issues has further assured the Street.

## Motors at the Top

Motor producers are jubilant over having completed the largest production for any single quarter since 1929. April will break all records for the month except that of 1929. Peak production has probably been reached for this year, but the May and June tapering will be gradual. Tire production will follow a similar contraction into the late summer months, while petroleum output will expand as the motoring season develops.

## Steel Eyes Relief Fund

Steel production turned unexpectedly firm in the last half of April as business continued to come in good volume from motor, tin plate, refrigerator, farm implement and other miscellaneous customers. The industry remains of good cheer, anticipates a good chunk of the \$4.8-billion work-relief fund after the second quarter.

## Construction Stimulus Due

The spring prospect for construction materials will hinge on the strength developed by the construction industry. They should feel the stimulating effect of the federal relief program as well as the budding efforts of private projects. Expanding CCC camps will mean business to lumber, one industry in which production continues to hold below shipment requirements and also below the steady flow of incoming orders. Cement, like lumber, normally has a better second quarter than first, and the grade-crossing elimination program should help along production of both cement and steel this year.

## Residential Building Gain

April construction contracts in the 37 states covered by F. W. Dodge continue to indicate an improving situ-

ation in residential building. Records for the first half of the month show a pace 28% above that of March and 75% ahead of last year. (Incidentally, rents—next to food costs—showed the largest increase over the first quarter of 1934, a gain amounting to 7%.) Non-residential and public works construction still lags below both the March and year ago rate, but the spread is narrowing. What is even more significant is the fact that private projects bulked larger in volume than public ones in early April.

## Coal Beats the Gun

Coal production and freight shipments recovered a little from the sudden slump in soft coal production at the end of March. Part of the expansion covering the week ending Apr. 13 and extending into the succeeding week may be credited to the efforts extended by operators to avoid the new freight charges which went into effect in most areas on Apr. 18.

## Payrolls at 4-Year High

As anticipated, factory employment and payrolls in March succeeded in establishing new bench marks in the climb out of depression ruts. Employment is just a fraction less than

the May 1934 peak, while payrolls are the highest for any month since November, 1930. Again, durable goods industries scored the biggest gains over the preceding month. Foundries, electrical machine shops, and the machine tool industries added several thousands in the month. March employment in electric and steam railroad car shops exceeded February by 20%.

## War in Toledo

Just when motor production was reaching its peak output, a strike broke out in the Toledo plant of General Motors where a local union of the A. F. of L. is particularly strong. Though the company has offered certain concessions—wage increases and other adjustments—it is determined not to yield an inch in its confirmed opposition to outside unions. Enough parts have been assembled to permit automobile production to proceed on schedule for at least a month, though in view of the lukewarm support given the local by the national organization it seems certain that no such protracted struggle will ensue.

## Textiles Taper Off

Textile production is slowly declining in accordance with the agreement made recently to curtail output to bolster prices. Yardage is off less than 15% from the February peak, though the full effect of the shutdown has yet to be felt. Spinning activity in the cotton industry dropped to 93% of capacity compared with 100% in February. In response to the very vocal complaint of the industry against the importation of Japanese goods, the processing tax and the North-South wage differential, the President has ordered an investigation.

## Shoe Output Wears Down

Shoe production in the first quarter is expected to fall below the level of 1934, despite the fact that the first 2 months were ahead of last year by 4%. Nor is the second quarter likely to compare very favorably with the second quarter of 1934. Incidentally, cigarette production last month hit its highest March level in the history of the industry; tobacco interests look forward to the normal increase in second-quarter production.

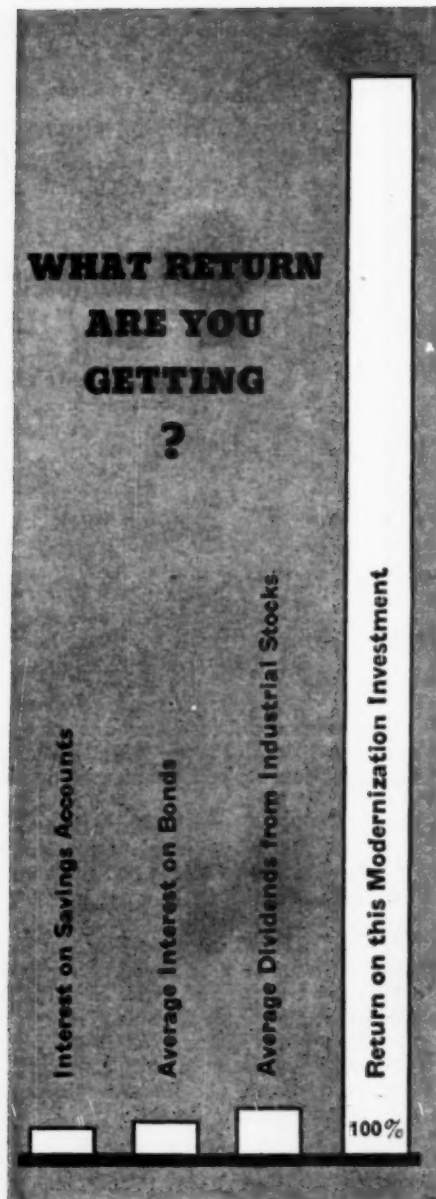
## First-Quarter Roundup

Attention should be called to *Business Week's* comprehensive survey of first-quarter results in a large variety of industries that have been graphically illustrated on page 11. Here the gains and losses in output, trade, and prices have been collected to give a birds'-eye view of the state of business in the first 3 months of 1935.



# Saved \$1000 a Month By This Change

## 100% Return on the Investment



**T**HE Pond Creek Pocahontas Company, coal operator at Bartley, W. Va., required additional air for its ventilating system and a means of improving its load power factor. A 600-hp. G-E synchronous motor with G-E control was selected to replace the old drive. This dependable new drive supplies ample ventilation at all levels of the 650-ft. shaft, and the needed corrective kv-a. to the power system. This coal company finds that the change has resulted in a saving of \$1000 a month. This saving paid for the new equipment in the first year of operation, and from now on will yield, under existing conditions, a 100-per-cent annual return on the investment.

Where else can a manufacturer find such a profitable and safe place for investments as in his own plant? Most of those who have sought opportunities for wise changes have been well repaid. Not all, it is true, have obtained 100-per-cent returns, but in hundreds of instances the annual savings have ranged from 30 to 100 per cent, and in rare cases have amounted to as much as 300 per cent.

Why not encourage your employees to search for opportunities to save you money by replacing apparatus which has outlived its usefulness? Sales engineers in the nearest G-E office will gladly discuss with you any problems of modernization which may be solved electrically. General Electric, Schenectady, N. Y.

040-23

# GENERAL ELECTRIC



# BUSINESS WEEK

APRIL 27, 1935

## Work Relief—and Suspense

Washington organizes reception committee for parade of job- and business-making projects, but its "clearing house" plan leaves a lot to be cleared up.

WASHINGTON (Special Correspondence) —President Roosevelt warned the public this week not to be fooled by "fish stories" about the public works program, continued to be informative on obvious matters, kept everybody guessing about the money. He explained that he is adopting "orderly procedure" to clear up confused impressions that may have been created by boondoggling when the bill was in Congress, said 2 months might be needed "to get ready." The effect of his deliberation is to hold the country in a state of suspense that will not be relieved until the \$4 billions are distributed.

Meanwhile, the "greeter's organization," headed by Frank Walker, and set up to receive applications, finds little favor. While this corps of buffers shakes hands and receives work relief plans from all and sundry, the allotments will be made behind the scenes. With \$20 billions in project proposals already in the hands of PWA, FERA and other agencies, the sponsors of new

jobs can't help wondering what chance they have.

To receive consideration, all plans proposed for spending the \$4 billions must put men to work immediately and must be executed within one year. A project that is larger than necessary to absorb the employable labor on relief rolls in its locality, or that can't be completed before July 1, 1936, violates the "canons" of the work-relief program.

### Only 3 New Units

As the bulk of the program will be handled by existing government departments and bureaus, the President finds it necessary to create only 3 new units. A division will be set up in the Bureau of Public Roads to take charge of grade-crossing elimination. An independent agency will be organized to push rural electrification. Rural resettlement will be Tugwell's responsibility as head of another independent unit, although he will continue to function as Undersecretary of Agriculture. Incidentally, he will take over subsistence homesteading

from Secretary Ickes and handle the rural communities which FERA has been fostering.

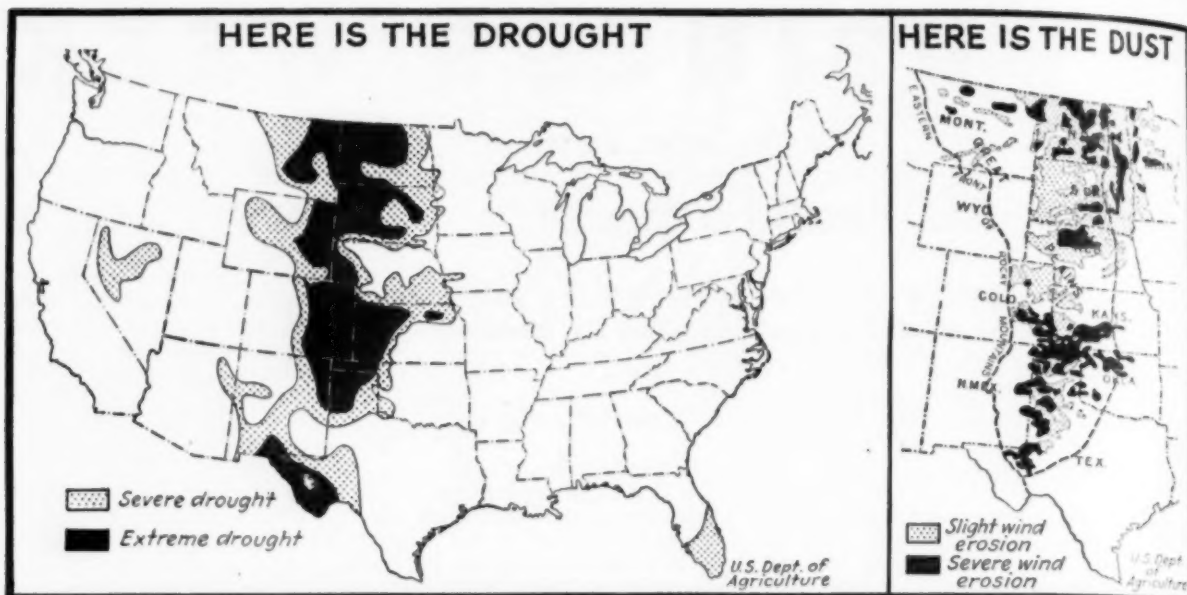
It remains to be seen just how free the spending will be on types of work in which the federal government foots the entire bill. Money will be tight for municipal loan-and-grant projects, which will remain in Ickes' hands. The White House prefers 100% long-term loans at low interest rates to any combination of loaning and giving.

There is a hint that the President does not expect the work-relief program to absorb all of the 3,500,000 employables on relief rolls as FERA will be continued to take up the slack by keeping up direct relief in areas where this is necessary—although the states and local communities will be expected to support those who can't work.

The "clearing house" plan of developing work-relief jobs will give consideration to every possible method of spending the \$4 billions. A multitude of small projects—\$250,000 is regarded as a good average—coupled with definite time schedules for completion, is relied upon to form the backbone of a program distributed over a large territory. Selection and location of projects according to the number of idle workers on relief rolls in a given area will bring the job to the man. New York and other large cities will form single dis-



International News  
ACRES IN THE AIR—Last week, when tons of soil were still being blown from Middle Western farm lands, these 2 views of the month-old catastrophe were snapped in the heart of the stricken area. At the left, one more storm bears down on Ulysses, Kan. At the right, residents of Garden City, Kan., fight their way through the black blizzard which has turned high noon into night. This week came relief: increased federal aid, the promise of work-relief funds to prevent soil erosion, and—in some sections—rain.



**STILL BLACK AND BLOWN**—Drought, running back 5 years in some sections, blots the western Great Plains where 34 million acres have blown away in the dust storms that have raged intermittently for 1½ years and reached a new intensity this spring. Recent rains give the Northwest a chance for 1935 crops. In the Southwest, 12 million acres of winter wheat have been abandoned.

tricts. In regions of sparse population, administrative districts will be as large as practical operating factors allow.

By establishing a clearing-house open to all suggested plans, the President expects to develop variety—for example, to balance reclamation projects that take some time to complete with smaller municipal improvements in areas with a heavy concentration of idle labor.

#### **Jobs—Direct and Indirect**

It is his intention to draw workers exclusively from relief but practically every phase of the program involves construction in some form and the production of materials and equipment should reduce unemployment among other millions who are not on relief but are waiting upon the revival of the heavy industries.

In assuming personal direction of the program, the President has accepted the responsibility for the result. Allotments previously made by Administrator Ickes, as chairman of an interdepartmental board, will now be made by Mr. Roosevelt as head of the Public Works Allotment Board which he calls his "round table." The mechanics of engineering and construction remain much the same as in the past. Federal projects either will be undertaken by existing government agencies which receive the allotments or will be supervised by them. Non-federal projects go to PWA.

Time-scheduling is counted upon to provide a momentum that the old public works program never gained. However, the President's emphasis on the old "money back" policy is a disturbing factor. The rate of interest will be cut below the 4% charged states and mu-

nicipalities by PWA but, so far as possible, such non-federal projects will be financed by loans only in future. The amount of every grant will be a "trading proposition." Such negotiations for obtaining federal largesse will require time, are likely to become acrimonious.

States which heeded President Roosevelt's suggestion several months ago that they bring their laws into harmony with the Administration's procedure have a practical claim to preference in the new program. One of the principal obstacles which PWA encountered was the variation in state constitutions and statutes relating to the undertaking of public improvements by cities, counties, towns, and so-called improvement districts.

Political sharpshooting by Governor Talmadge of Georgia and Senator Long of Louisiana demonstrated that the Administration can retaliate against its foes by withholding allotments. However a legitimate reason was furnished by Long's attempt to get control of the spending of PWA money in the state and by the Georgia governor's veto of a bill to validate municipal loan-and-grant agreements of PWA projects.

## **First Fuel Oil Tax**

**Washington state puts levy on fuel and diesel oil. Federal government is asked to follow suit.**

GASOLINE has proved such a prolific and patient producer of taxes that legislators have been searching for a companion goat in the petroleum field. Mounting sales of fuel oil attracted their

notice but there was a general reluctance to arouse the consumer. The state of Washington has now broken the ice and proposal of a federal tax is stirring up a chorus of protests. Washington's tax is ¼¢ a gallon on fuel and diesel oils. That isn't oppressive—but neither were gasoline taxes when they started.

Other states, where finance officials encounter splinters while scraping the bottom of the barrel, are watching the outcome of the Washington experiment. Representative Wesley Lloyd (he, like the idea, comes from Washington) has introduced in Congress a bill proposing a federal tax of ¼¢ a gallon on fuel and diesel oils. It is noted with misgiving that already the ante has been doubled.

The Honorable Lloyd admits that coal dealers among his constituents first suggested this new tax to him. Also the congressman is sentimentally affected by the need for conserving oil as an irreplaceable natural resource. The strength of the proposed levy will become apparent when Congress starts consideration of the "nuisance taxes" due to expire in June.

#### **Finish Fight Promised**

Congressman Lloyd said he expected the oil industry to fight back. Already his expectations are fulfilled. The National Oil Marketers Association pledges a finish fight against the measure. The Burning Oil Distributors Association and the Wholesale Petroleum Marketers of Chicago have showered both houses of Congress with protests. The Certified Burning Oil Distributors of St. Louis have joined the irate chorus. Other organizations are expected to follow suit without further warning.



# Federal Move for Oil Control

**Texas and Petroleum Institute oppose the Thomas bill as leading to complete domination by the government.**

RECALLING the warning of the unhappy Trojans against Greeks bearing gifts, the major oil companies watch the approach of a recent Administration offer in a state of growing excitement. The Thomas "quotas in commerce bill" is an innocent looking wooden horse but there are noises inside which sound ominously like Secretary Ickes and a lot of weapons for federal domination of the industry.

The proposed measure was introduced by Senator Elmer Thomas (Dem., Okla.). It has the support of the Administration. Provision is made for congressional blessing of state compacts for regulation of oil production. Opponents fear this last is only the lath covering. The bill also provides for a federal board headed by the Secretary of the Interior to fix production quotas by states. Present allocation is by Mr. Ickes as administrator under the oil code. But the code is administered under expiring emergency legislation. What is now sought is specific authority in permanent legislation with teeth.

## Powerful Weapon

No direct control is provided in the Thomas bill. As long as a state stayed in line, nothing would be done. But if a state exceeded its allocation, then

the federal board would fix "quotas in commerce" for it. It is charged that the government could move in on states or individual well owners, fix not their production but the amount they could place in commerce. In other words, prevent the first sale of crude petroleum above the amount specified. A similar bill for the lower house is being prepared by Congressman Wesley Disney (Dem., and also Okla.). Here is a type of permanent federal control of "hot oil" that makes present weapons look like tin swords. Doubt is cast on constitutionality of the Thomas bill on the grounds that it invades states' rights.

## Compact Going Through

The measure comes forward while the oil states are ratifying their compact (interstate treaty) for regulation as advised by the Cole Congressional Committee (BW—Jan 19'35). The state compact has been indorsed by Texas, Oklahoma, California, Kansas, New Mexico. Congressional sanction is necessary to make the agreement official. This benediction is carried in the Thomas bill but it is the other sections that move the industry to ask why grandmother has such big teeth.

The compact was necessarily a com-

promise. It provides that the supervising body can "recommend" cures for oil ills but provides no adequate power of enforcement. Mr. Ickes openly hooted at the idea that anybody but the federal government could make such agreements stick. He and many others doubt the efficacy of the compact. Thus a congressional bill empowering a federal board to take action if a state overdid its quotas is thought to be just another way of saying that ultimately the United States moves into control of crude production.

## Ickes Likes It

Mr. Ickes thinks the Thomas bill is a step in the "right direction." Gov. Alf Landon, and Senator Arthur Capper, of Kansas, favor the measure. Independent oil companies generally back it—on the theory, probably, that they could bring political pressure to bear on the proposed control board which would be better than present open competition with huge rivals.

Texas has been the most vivid exponent of state oil rights and enemy of federal encroachment. What Texas thinks is most important, since that state's oil resources are enough to break or make any program. Texas' Gov. James V. Allred anathematized the Thomas bill as an "entering wedge of regimentation and monopoly" that might ultimately destroy the government. It was he who dehorned the state compact agreement through forcing adoption of a conservation pronouncement that applied to physical waste only. Mere efficient handling of the oil "will not (says Administrator Ickes) stop waste in other (non-compact) states of settled production" nor "economic waste" in flush production states.

## Petroleum Institute Doesn't

At a hearing on the bill before a subcommittee of the Senate Committee on Mines and Mining last week, Axtell J. Byles, president of the American Petroleum Institute, vehemently seconded Governor Allred's objections to the Thomas measure. He scored the act as the first step toward making the industry a public utility (an Ickes ideal). He said all the industry now needs is the Connally Act which (temporarily at least) controls interstate flow of hot oil and congressional approval of the state compact.

Washington is watching to see whether the powerful Texas bloc can again outgeneral the Administration. Last year it chloroformed in committee the Thomas-Disney bill which was similar to the present Thomas bill. This is spite of President Roosevelt's demand for enactment. Chairman Sam Rayburn, of the House Interstate and Foreign Commerce Committee, is a loyal Texan. So is Senator Tom Connally, who sponsored the act authorizing the



**TEXANS VS. THOMAS BILL**—Last year, Texas influence helped kill the Thomas-Disney bill, promising federal control of the oil industry. Now these Texans are out to repeat the victory. Here they are telling Senator Elbert Thomas of Utah why his Senate Mines and Mining subcommittee should not approve the 1935 measure sponsored by Senator Elmer Thomas of Oklahoma. (Keep those 2 Thomases straight.) Left to right: Senator Tom Connally; E. O. Thompson, chairman, Texas Railroad Commission; Governor James V. Allred; Senator Thomas (Utah); William McCraw, Attorney General of Texas, and Senator Morris Sheppard.

tender board. Texas tolerates the tender board because its authority stops at the state line. The Thomas bill is considered an invasion—distinctly hostile.

## Covered Wagons, 1935

**B.&O. designs light-weight freight cars to cut costs, add speed, make service more flexible.**

EIGHT light-weight freight cars, designed to reduce cost and increase speed and safety of operation, were exhibited by the Baltimore & Ohio in Washington this week. Seven of them are built of corrosive-resistant steel alloys, Mantin in the underframe and Cor-ten in the body. The rounded roof line gives the cars a symmetry slightly reminiscent of the covered wagon of yore. All are equipped with trucks of special steel designed to save flange wear, rail wear on curves, and motive power. A feature of the underframes is the Duryea shock-absorbing cushion to protect the lading.

A hopper car designed to handle bulk cement has a lightweight of 35,000 lb., and a capacity of 67 tons, compared with the conventional hopper car's lightweight of 48,000 lb., capacity of 50 tons. Another hopper has a lightweight of 31,200 lb., cost 3.9¢ a lb., and a capacity of 137,800 lb.

Two steel alloy box cars have hopper bottoms which may be covered with a flat wooden floor, hinged at the sides and hooked to the wall of the car when not in use. Included in the experimental string is a hopper car, built entirely of aluminum, even to the center sills. It has a capacity of 141,300 lb., a lightweight of 27,700 lb. and cost 30¢ a lb. It has been handled in 10,000-ton trains and stood the test.

Cast into the trucks of each car is the symbol XLT, which decoded identifies J. J. (Excel) Tatum, superintendent of the B.&O. car department, as builder.

## Co-op Smoke

**Farmers beard the tobacco lions with a cigarette of their own.**

WITH its Prosperity cigarettes, the Farmers' Cooperative Tobacco Manufacturing Association of Danville, Va., is doing a Daniel in the lion's den of the highly competitive cigarette market.

The "Farmers" is a non-stock concern, organized under the Virginia Cooperative Marketing Act and managed by farmers. The label calls for "prosperity" by cooperation, states that pedigree stock has been used in the cigarette, says, "The purchase price of this package of cigarettes is contributed to your own welfare—when the farmer prospers, everybody prospers."

Cigarette smokers who have tried "Prosperity" cigarettes say, "Not bad." The only trouble is that they can't become popular until obtainable in many places. More than one good cigarette has disappeared from the market because smokers do not switch readily until they feel sure that a fresh supply can be bought when and where they want it. Consumer purchasing co-ops (*BW*—Apr 20 '35) may furnish a potential market.

## Parthian Strike

**After taking a beating in the motor industry, A. F. of L. hits back.**

WHEN the American Federation of Labor told automobile workers that it would not participate in the plant elections called by Dr. Leo Wolman's Automobile Labor Board it made a bad strategic error. So few of the employees indicated a union affiliation on the ballots that announcement of the count made terrible publicity for the Federation. Even the manufacturers admitted A. F. of L. wasn't quite as weak as that.

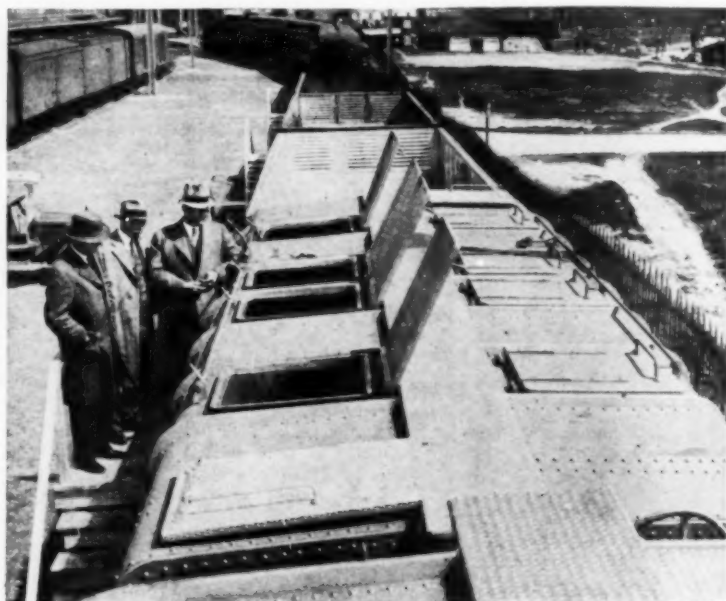
Among those who have been sorest about this mistake are local leaders of the United Automobile Workers Federal Union, the A. F. of L. affiliate in this field. They point out that in 3 cases where they themselves decided to make a fight—at International Harvester's Fort Wayne plant, and Chevrolet's Toledo and Oakland plants—they got a substantial number of repre-

sentatives on the bargaining committees. Some of them have been itching to prove that the Detroit editorial obituaries were premature. And since the A. F. of L.'s fiasco was followed by the renewal of the automobile code over its protests, there has been increasing sympathy for their attitude at headquarters.

All this is a good part of the explanation for the sudden strike call which, last Tuesday, interrupted bargaining negotiations at the Chevrolet Toledo plant making transmissions for Chevrolets and Pontiacs. Fred Schwake, Toledo business agent for the union, who has had considerable success in dealing with parts makers in that city, is an aggressive worker. A substantial union victory in the Chevrolet plant primary election left him no less aggressive. If, against the background of union chagrin and humiliation at Detroit, he was more interested in making a demonstration than in practical negotiations that is, at least, understandable.

Furthermore, while it is pretty late for profitable trouble this year—the peak season being well on its way—something might be saved for the record. Another year is coming in which the Federation may play its cards better. And what would look better on the record than a dent in General Motors' solid front against the closed shop?

All of which must have been immediately obvious to GM's Mr. Knudsen, the executive vice-president being a pretty good psychologist, as well as a practical negotiator, himself.



**LOAD LIGHTENER, LOAD BUILDER**—Engineers and officials of the Baltimore & Ohio Railroad inspect one of the new "covered wagon" freight cars developed in the company's shops for experimental use. Built of lightweight metal alloys to reduce tare weight, these cars have a revenue carrying capacity 36.4% greater than standard models. Notable in lading flexibility, they can be loaded through openings in the top, unloaded through hopper doors under their hinged floors.

# FIRST QUARTER ROUND-UP

1935 compared with 1934

## PRODUCTION

 Steel	+22%
Automobiles	+47%
Construction	-36%
 Residential	+23%
 Non-residential	-25%
 Public works and utilities	-54%
Factory employment	+5%
 Factory payrolls	+14%
Hard coal	-28%
 Soft coal	+5%
Oil wells drilled	+19%
 Electric power	+6%
Cotton consumed by U.S. mills	-5%
Silk consumption	+8%
Wool consumption	+56%
 Petroleum	+6%
 Cigars, cigarettes	+3%

## TRADE

 Passenger car sales	+72%
 Truck sales	+36%
Machine tool orders	+19%
Lumber shipments	+23%
Cement shipments	-6%
Carloadings	-0.7%
 Grain	-14%
 Livestock	-17%
 Coal and coke	-3%
 Forest products	+8%
 Ore	-3%
 L. C. L.	-4%
 Miscellaneous	+5%
Check transactions	
140 cities	+13%
N. Y. C.	+1%
Dividends	+2%
Insurance sales	+10%
Dept't store sales	0%
 Variety(5¢-51¢) sales	-4%
Rural sales	+15%
Commercial failures	-10%
Commercial liabilities	-30%

## PRICES

Wholesale prices 784 items	+8%
 Farm products	+29%
 Food products	+23%
 Hides & leathers	-4%
 Textiles	-9%
 Bldg. materials	-2%
 Chemicals	+7%
Metals	0%
Cost of Living	+5%
 Food	+12%
Cereals	+6%
Meats	+32%
Dairy products	+15%
Eggs	+26%
Fruits, vegetables	-16%
 Housing	+7%
 Clothing	-1%
Fuel and light	0%
Sundries	+1%
Stock prices	-18%
 Bond prices	+6%

Business Week





**BRAKING DEATH'S PACE**—With 36,000 people killed last year in 882,000 personal injury collisions, the National Safety Council, supported by automobile and accessory manufacturers as well as casualty insurance companies, intensifies its 1935 campaign. Here Louis R. Hoff, vice-president of Johns-Manville Corp., is helping check car brakes (bad brakes were blamed for 20,000 deaths) while David I. Beecroft of the Public Safety Advisory Committee of the N.S.C. looks on.

## Back-Number Driving

**Casualty insurance companies are in the red on automobile liability because common driving sense hasn't kept pace with improvements in cars and roads.**

AUTOMOBILES are the bright spot in the industrial picture but the dark spot to safety campaigners, accident and casualty insurance underwriters. Highway accidents and deaths dropped at the first of 1935 but are on the rise again with the opening of the motoring season. Actuaries look gloomily ahead to a worse year than last. And last year made a record of 36,000 killed, 950,000 injured in 882,000 personal-injury automobile accidents. (With which safety men ruefully compare the American casualty list for our whole World War venture—37,541 killed in action, 12,934 who died of wounds, 182,622 wounded but not mortally.)

Common sense among drivers has not kept pace with mechanical improvements in motor cars, insurance actuaries say. In two-thirds of the accidents the driver is at fault and in 9 out of 10 he is going too fast under the circumstances. Last year there were 5% or 6% more cars on the road than in 1933 and they burned 6% more gasoline, indicating more mileage. But fatalities were greater by 16%. More cars were running more miles in 1931, yet accidents in that

previous worst year were 8% less than in 1934.

More numerous and more serious accidents have put the casualty insurance companies back in the red again on automobile liability coverage. Last year's experience hit them in two directions. Fewer policies were sold, reducing premium income; losses were higher. Consequently the loss ratio got back up to the 1931 level. Expenses could not be reduced enough to offset claim payments with the result that, on the average, an underwriting loss was incurred in this second most important line of casualty insurance. The other big line, workmen's compensation, also involved an underwriting loss (*BW*—Dec 15 '34).

Composite experience in 1934 and prior years for both stock and mutual companies carrying about 80% of all automobile liability was like this:

	Premiums Earned (millions)	Losses Incurred (millions)	Loss Ratio %
1934	\$172	\$99	57.7
1933	174	93	53.1
1932	194	105	53.9
1931	210	120	57.3

The expense ratio dropped from 47.5% in 1931 to 45% in 1934, and this, together with careful underwriting and some rate adjustments, enabled premiums to cover outlays by 0.5% in 1932, 1.8% in 1933, after a loss of 4.8% in disastrous 1931. Last year's loss was 2.7%.

### Property Damage Losses

On the less important property damage coverage, premiums continue to give ample margin, although the trend is unfavorable with losses mounting and income declining. Depression values have been a help through reductions in the amount of claims. Adjusters are one group that frowns on the general rise in prices, realizing that settlements will become steeper as values are reflat.

Experience on property damage of the companies included above ran like this:

	Premiums Earned (millions)	Losses Incurred (millions)	Loss Ratio %
1934	\$50	\$16	32.5
1933	51	15	29.1
1932	56	18	31.8
1931	64	25	38.3

Expense ratio on property damage underwriting dropped from 47.8% in 1931 to 46.6% in 1932, but has held steadily around that basis since.

Excessive speed is the immediate cause for 31% of all motor accidents. Drivers have not yet learned to use the improved highways nor the faster car. Freed of traffic congestion and given a smooth running machine that doesn't prompt remonstrance from the back seat, he "steps on it and holds 'er open." In consequence, highway accidents, although only half as numerous as street intersection accidents, are twice as deadly. Mortalities are mounting faster in rural than in urban areas.

Night traffic, only one-fifth as heavy as in the daytime, is far more dangerous—21,000 of last year's 36,000 deaths occurred between 6 P.M. and 6 A.M.

### Can't Blame the Weather

That the car behaves when the driver does is shown by the fact that when bad driving conditions warn him to caution, accidents are rare. Less than 15% of last year's accidents occurred in fog, rain, or snow; only 26% of them on wet, icy, or snow-covered pavements. Although the great number of old, defective cars in traffic is recognized as an added hazard, in 94% of accidents the cars are in apparent good order.

Repeal of prohibition has added to the danger of riding or walking. Incomplete records indicate that 3.16% of drivers involved in accidents in 1934 were "under the influence" as against 2.43% in 1933, a jump of almost a third. Of pedestrians involved in accidents, 4.47% had been taking intoxicants, against 2.99% in 1933, an increase of almost 50%. Of the 16,000 pedestrians killed, 36% were "jaywalk-

# Cra-a-ash! .. Eleven Tons Splinter a Pennsylvania Bridge .. and the Laundry on Elm Street Gets Better Truck Tires



NOTE—Neither luck nor accident could account for the fact that for the past eleven years more tons have been hauled on Goodyear Truck Tires than on any other kind. Years of research, experiment and practical experience won this dominant position for Goodyear. Constant vigilance holds it. This page recalls one of the many gripping episodes in the never-ending Goodyear quest for ways to build better truck tires.

lar Akron-Boston runs in '17 and '18 are vital history.

The Wingfoot was operated by Goodyear to prove that trucking on pneumatic tires was practical. . . . Critics scoffed. Trucks did well enough on solid tires—belonged in town on pavement. This Goodyear idea was foolhardy, they said, costly, meaningless.

But the Wingfoot fared forth to tie distant cities together with a freight line. Narrow, hog-back roads . . . sharp, right-angle turns . . . mud . . . serpentine mountain grades . . . skids . . . blow-outs . . . it took 17 days to make the first round trip! . . . Now you can do it easily in less than three days.

A young tire builder with a vision studied the log of every run. He and his cronies back there in the acetylene days foresaw a nation networked with broad, paved highways. They foresaw today's high-speed trucks and busses moving goods and people at 50, 60, 65 miles an hour.

That young tire builder is

president of Goodyear today—and he's still a tire builder, still a seeker after facts and experience. The little 780-mile stretch between Akron and Boston has branched, spread out, expanded. Today Goodyear test trucks may be found around the world—rolling up more and more knowledge and experience. To truck operators this means the development of such money-saving features as are cited in the box at the right.

Maybe your truck is a light pick-up job that never gets off the paved city streets. . . . Maybe it's one of those big highway dreadnaughts with 22 tires on truck and trailers. No matter which. No matter what. Goodyear builds just the right tire for your work.

Before the days of the Wingfoot Express—and since—Goodyear engineers have been finding out how . . . Transportation steps forward. Goodyear is a step ahead.

Today—as for the past eleven years—More tons are hauled on Goodyear Truck Tires than on any other kind.

Photographs inset are of Paul W. Litchfield, president of Goodyear, who as factory manager conceived and instigated the Goodyear Wingfoot Express; and one of the old trucks at the end of a run in Boston.

## .. and Today

Goodyear Truck Tires give you:

1. Freedom from Blow-out
2. Long, Even Tread Wear
3. Positive Traction
4. Longer Tire Life

You get those four superiorities because only Goodyear gives you all these features: 1. Patented pre-shrunk Super-twist cord. 2. All-weather tread. 3. Chemically toughened body rubber. 4. Improved bead. 5. Wide, flatter tread shape. 6. Pima cotton, longest fiber grown.

No other company builds as many truck tires as Goodyear.

No other company builds as complete a line of types and sizes.

Goodyear builds just the right tire for every job—for every purse.

# GOODYEAR TRUCK AND BUS TIRES MONEY SAVERS

© The Goodyear Tire & Rubber Co., Inc., Akron, Ohio

ing," 17% were walking on rural highways. Few got killed in crossing at intersections on the go signal or while waiting in safety zones.

The tragic increase in automobile accidents has given new stimulus to safety programs. Automobile companies, oil companies, insurance companies, and fleet operators are promoting campaigns independently and cooperatively through the National Safety Council. The Na-

tional Traffic Safety Contest in which cities and towns compete for the annual safety award of the Council has 600 participants this year, increased 40% from last. Plans are being prepared for a national campaign among industrial workmen on non-occupational accidents. Local tests have indicated that the direct approach of industrial concerns to their own employees is more effective than broadcast appeals.

## Obsolescence Makes a Market

**Survey shows 65% of our machine tools are over 10 years old, against 48% in 1930, and 44% in 1925. Chicago district has lowest machine age.**

SIXTY-FIVE per cent of the metal-working machinery in the United States is over 10 years old. To get the full import of that, you must know that in 1930 only 48% was that old, in 1925 only 44%. Apply it to the 1,345,447 machines we use in this field and you will find that it covers 879,522 of them. Look ahead and you will discover that we must buy 336,745 of these "master tools of industry" in the next 5 years just to hold our own in the battle against obsolescence, must jump our 5-year purchases to 563,800 to get back even to 1930 efficiency.

This startling discovery comes from the latest of the "obsolescence questionnaires" sent out every 5 years by *Ameri-*

*can Machinist* (this year to over 10,000 factories) plus the calculations from census figures on worker and machine population by which that publication welds industry's replies into what is recognized as the world's most authoritative study on machine tool obsolescence.

The 10-year line was set with the first formal survey, in 1925, not because it can be applied broadcast to all types of machines, but because many successful plants operate on a 10-year amortization theory and because most, if not all, of these metal-working machines can be replaced profitably at the end of 10 years. By that time, new designs and better materials are pushing out the old ones. Today, it is figured, many a plant

is paying for new tools it never gets through the increased operating costs and reduced profits which come from hanging on to the old.

The latest obsolescence survey, taken since the first of the year, shows the population and life history of 94 standard types of metal-working machines in 20 main industrial divisions. The breakdown looks like this:

Types of Machinery	% of Total Machines	% of Machines Over 10 Years Old
Agricultural Implements:	1.1	61
Motor Vehicles .....	9.0	54
Aircraft, Engines, Parts	0.7	12
Autobodies, Parts .....	14.3	52
Constr., Mining, Oil-Well	1.3	75
Conveying, Transmission	1.0	70
Industrial Elec. Equip.	7.8	65
Domestic Elec. Appliances	1.1	60
Fabricated Metal Products	32.7	70
Turbines, Waterwheels..	1.5	79
Foundry Products .....	1.2	80
Food Machinery .....	1.2	74
Machinery (Unclassified)	8.3	74
Printing, Pulp and Paper	0.7	71
Metal-Working .....	4.2	67
Pumps, Fans, Compressors	1.2	77
Office Equipment .....	1.6	75
Special Tools, Dies, etc.	2.5	66
Railroad Equip., Repair	7.2	71
Textile Machinery, Parts	1.4	72

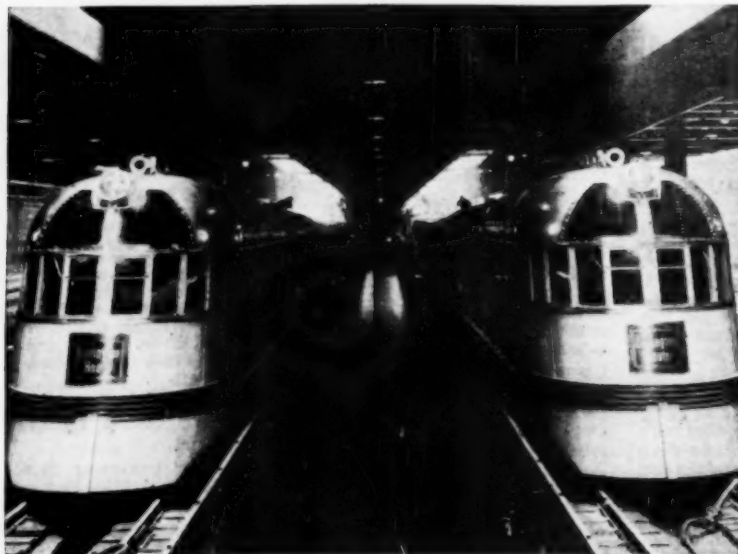
(It must be remembered that the equipment covered consists, in each case, of metal-working machines. Thus, "food machinery" and "textile machinery" refer not to the machines used in preserving food and making textiles but to the machine tools used by manufacturers of food and textile machinery.)

### Regional Efficiency

Further interesting data are provided on the geographical distribution of metal-working equipment and of obsolescence. Most striking fact from this analysis of the machine tool builder's market is that the Chicago Federal Reserve District, operating the biggest percentage of equipment, shows up in close to the best position in the age column. Only district with less than its 59% of machines over 10 years old is St. Louis, which is distinctly a minor among the metal-working areas. The breakdown:

Federal Reserve District	% of Total Machines	% of Machines Over 10 Years Old
Boston .....	13.9	70
New York .....	14.0	69
Philadelphia .....	10.1	71
Cleveland .....	18.8	68
Richmond .....	3.6	74
Atlanta .....	0.6	77
Chicago .....	32.3	59
St. Louis .....	1.2	51
Minneapolis .....	1.2	70
Kansas City .....	1.3	71
Dallas .....	0.1	83
San Francisco .....	2.9	59

While data on machine tool expenditures for different periods were included



**AS CHEAP AS AUTOMOBILES**—Before the Burlington's new twin "Zephyrs" went into regular service this week, they set up some impressive performance records on trial runs. The one, on a 2,861-mile jaunt through the South, used only \$43.72 of fuel oil, less than 1/10 the cost of coal for a comparable 3-car steam train. The other ran from Philadelphia to Pittsburgh at a fuel cost averaging 1.2¢ a mile, which compares favorably with motoring costs. They operate between Chicago and St. Paul on a 6½-hr. schedule at a speed of 66.2 m.p.h.



# The Saga of Reynolds Metal

... modern magic to confound a mediæval Merlin ...

a Packaging Material of myth-like metal that bends the forces of Nature to man's will  
... that meets one of industry's great needs ... a shimmering shield against spoilage.

WHILE a city is wrapped in slumber, a light glows brightly—hopefully—in a modern laboratory. A man of science rubs a fabled lamp, so to speak, and lo! there is born to industry a new and revolutionary product ... mothered by necessity ... sired by research.

Its name is Reynolds Metal and its destiny is—who knows? Even the djinn who gave it life cannot predict its future. Only a rash man would prescribe its limitations. This much is known: It roots in the metals industry and stems into nearly all industries.

It is versatile as Proteus. It has more phases than the moon. It will bring you a packet of figs from far-off Smyrna with the dew of palm-groves fresh on their cheeks, or it will save several tons of coal at the Odd Fellows Hall.

You may think of Reynolds Metal as Insulation, and it is not outranked in this role. As thin as the edge of a razor blade ( $35/100,000$  of an inch, if you are micrometrically inclined), yet it has the insulating power of a 20-inch concrete wall!

Its shimmering, silvery surface reflects 95% of all radiated heat which strikes it ... stops 95% of the radiated or conducted heat which is absorbed from the other direction. It operates on the vacuum-bottle principle and is water-proof, wind-proof, odor-proof, neither attracts nor harbors vermin, and is resistant to fire. It has proved its efficiency in homes, factories, "cold rooms," mechanical refrigerators, refrigerator-cars, truck bodies, ships, and what-not.

But it is perhaps in its character of Packaging Material that Reynolds

Metal will affect the most lives, serve the most industries. As pure decoration, it inspires and augments the creative talents of designers. It lends itself to all kinds of attractive printing effects. Its practical, protective side, however, has even greater appeal.

Let us consider the matter of Light ... a source of energy for man and all growing things. Yet light spoils potato-chips, turns butter rancid, discolors meats, starts the photochemical decomposition of silk, destroys the potency of medicines, harms salad oil, produces rancidity in lard, makes cookies stale, makes shelled nuts rancid and vile-tasting, handicaps thousands of other products.

THIS is true whether the light be daylight (direct or diffused), artificial light, or even the invisible rays at the ends of the spectrum, especially the blue ones. In fact, we can show you a photograph made by putting the film *inside* a typical cardboard box and exposing it to the light. The picture reveals the printing on the *outside* of the carton, proving penetration of the cardboard.

Reynolds Metal shuts out light with the sure opacity of a camera's shutter. It prevents all passage of radiant heat. It bars moisture in both directions—either getting in or getting out. It is impervious to grease and oils. It prevents rancidity, staleness, soggy, soiling—in short, frustrates every manner of spoilage, as many food-manufacturers will testify.

In the Reynolds Package Research Laboratory, you will see test-tubes, retorts, ovens, refrigerators,

ultra-violet-ray cabinets—all the paraphernalia needed to reproduce the forces of Nature which attack packaged products in their march from factory to consumer. Everything from polar cold to jungle vapor.

HERE tests have been made on shredded coconut, spaghetti, macaroni, noodles, cereals, pretzels, candies, cordial cherries, tea, coffee, grapefruit, cheese, chocolate bars, peanuts, meats, prunes, raisins, marshmallows, figs, gingerbread mix, canned milk, dried beef, cigarettes, cigars, pipe-tobacco, and a list of other commodities from here to Halifax.

The reports of these tests in cold type and graphs challenge belief. We invite you to see such tests made, with your own eyes—to prove for yourself that Reynolds Metal is the *savior of flavor*. We'd like you to handle Reynolds Metal and see what eye-appeal it has, how flexible and adaptable it is, how it provides protection both before and after the package is opened.

Reynolds Metal is the new material of a thousand uses. New, and yet proved practical and profitable in actual use, as our files show. Manufacturers with packaging problems, or insulating problems, are urged to investigate this almost-magic material.

A letter will bring you full information, or an appointment to come and convince yourself. Leaders in their respective fields will naturally be the first to find out and to profit by this truly epochal discovery. Reynolds Metals Company, 19 Rector Street, New York City.

Advertisement

in the *American Machinist* questionnaires, replies were not as complete as for machines in place. However, they show several significant trend indications: that railroads are a diminishing market for metal-working machinery; that construction, mining, and oil equipment makers are also cutting down; that textile machinery-builders, makers of industrial electric equipment, office equipment concerns, and makers of pumps, fans, and compressors have held purchases fairly evenly through the entire 15 years covered by this and preceding surveys. But the expenditure index based on 1925-29 purchases as 100 shows the 1930-34 period down to 42.6% of normal, hardly more than half of 1920-24's 82.1%.

## Private Yardstick

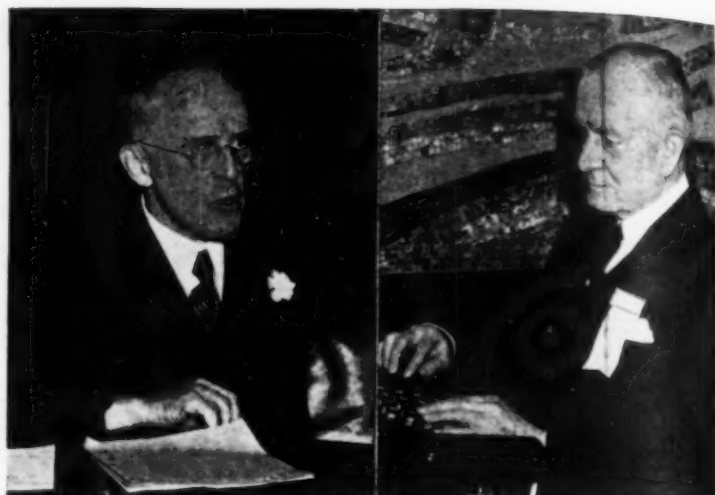
**Government invites power company to try its hand at TVA job.**

WITH the amendments designed to broaden the scope of TVA's power activities in jeopardy before a House Committee, the suggestion of another government committee that privately-owned utilities be offered the opportunity to develop their own yardstick is getting a lot of attention. Area proposed is 10 West Virginia counties lying almost entirely in the watershed of the Monongahela River. The private utility affected—Monongahela West Penn Public Service—is eagerly studying the suggestion; already has a stake in the territory in the power load of the coal mines.

Two alternatives were suggested, should the utility decline the invitation. One was establishment of a mixed corporation representing both public and private capital and subject to regulation as to profits, charges, and services; the other, creation of a local power authority similar to TVA, entirely financed by public funds and exercising the powers of eminent domain.

The "yardstick area" covers 4,447 sq.mi., has a population of 340,250. It includes 92 "stranded" communities, all but 3 of which are single-industry towns, 62 being dependent on coal mining, 23 on lumbering. Recent decreases in the regional production of coal, limestone, and other minerals available in practically unlimited quantities reflect a loss of markets rather than exhaustion of deposits.

While the Monongahela West Penn Public Service would prefer to generate with steam at 2½ mills rather than develop hydro at 6 mills, the availability of water power sites on the Cheat River (an estimated 237,580 hp. for \$96,607,000) and on the Tygart River (an additional 73,640 hp. for \$47,611,980) will keep the latter well to the fore in the planning of new generating capacity.



**PRESIDING OFFICERS**—As president of the Chamber of Commerce of the United States, Henry I. Harriman, pictured here on the left as he testified this month at a hearing on the holding company legislation, will head up the program for the Chamber's 23rd annual meeting beginning on Monday in Washington. Thomas J. Watson, president, International Business Machines Corp., who is investigating one of his company's new products, will preside at the concurrent meeting of the American section of the International Chamber of Commerce.

## Laundries Go Cooperative

**In an epidemic of merged sales drives at the family wash, the laundries are getting attention by new pricing plans.**

BREAKING out all over the country in epidemic form, cooperative laundry campaigns, aimed at the family washing dollar, this month number over 2,000 compared to 600 last October and perhaps 20 a year ago. Added impetus from many state conventions being held this spring may swell the total to 3,000 before midsummer.

Nor does the lowly damp wash get the entire spotlight. Housewives are being attracted to finished and semi-finished services by new pricing schemes which lean toward the flat-rate plan and are more easily understood by the budget directress than the laundries' immemorial pound rates.

Highly controversial is the Bag O'Wash plan (*BW*—Jul 21 '34) now undergoing a baptism of fire in Kansas City. Anticipating the bag campaign, competitors slashed pound rates to 2½¢ for damp wash, or 4¢ with flatwork ironed, lowest in the history of the city (which has always been a "cheap laundry town") one week before Bag O'Wash was announced. In the first 8 weeks the 12 laundries that supplemented their pound rates with the patented 3-section bag service (costs based on number of sections filled) report increases from 25% to 45% and at a cost of 61¢ for each new customer. New damp wash accounts often cost twice as much.

Of the first 5,000 bag customers (who are charged a deposit of 25¢) 30% came from other laundries, 40% were the laundries' own customers converted from pound rates, and 30% had not been sending to power laundries. Fighting the bag plan with doubled advertising appropriations, anti-bag plants have stirred up enough new business to offset customers lost to Bag O'Wash. Thus casualties from the fray are both non-combatants: hand laundries and washer dealers.

### Price Control Simplified

Because Bag O'Wash is patented, copyrighted, and usually distributed by a holding company with exclusive territorial rights controlled by the participating laundries, price control is relatively simple. Competitors offering a full bag are unable to approach the low minimums which the sectional bag permits. In Kansas City damp wash sells at 29¢ for one-third of a bag, entirely finished, 98¢; other services at proportionate prices.

In Baltimore 14 laundries have adopted a uniform size bag offering Bag Ful O'Wash with great success, particularly in the lower-priced services. Several plants have already bagged 100% increases in damp wash at 65¢ per bag. Philadelphia's co-operative Pak-A-Bag campaign, also featuring a standard bag full of dry wash—flatwork ironed with

the garments fluff-dried—is another successful variation designed to appeal to the budget-minded laundry buyer.

Breaking away from the power laundries' traditional pound pricing, the great Peerless Laundry, Los Angeles, recently gained 10,000 new bundles of dry wash (not ironed) with its startling Penny-A-Piece Plan, minimum 29¢. Many competitors did not meet it, fearing an accompanying loss in operating costs more than the volume they might lose. Entirely finished, Boston's "20 lb. for \$2," is challenging Eastern laundry operators who have always considered production costs to be in excess of 10¢ per pound. Most plants offering the \$2 finished bundle have installed high-speed air-driven production presses. The "20 for 2" is spreading westward rapidly.

#### Higher Prices Went Across

To prove that the low damp wash prices maintained in the Kansas City merchandising test (BW—Mar 24 '34) had nothing to do with its success, American Laundry Machinery Co. reports the results of a second marketing experiment just concluded in Cleveland. Here the prevailing price of 6¢ per pound was transposed to 10 lb. for 59¢. (In Kansas City the test price was 16 lb. for 49¢.) In every other respect the campaign was identical to the Kansas City test; the same ad copy and space, same service. Result: 52.36 new customers per route in 13 weeks compared to 51.22 in Kansas City, where the selling price was half as much. The 10,105 new customers obtained by Cleveland's 23 participating laundries are American's eloquent answer to Eastern critics, mostly exclusive damp wash operators, who bitterly condemned the Missouri test as a cut-price sale.

Incidentally, ALMCO is backing up the numerous local campaigns with a new \$105,000 national advertising splurge while Lovell Manufacturing Co. tells the household washer side of the story to the same readers.

## FTC Offensive

"Shoot at business, hit NRA" seems to be one idea behind Federal Trade Commission's sudden burst of fire.

THE extraordinary spurt of activities staged by the Federal Trade Commission in recent months is causing caustic comment in some quarters and humorous speculation elsewhere.

One popular explanation runs like this: Up to the last few months the commission was persuaded that NRA was slowly but surely dying and would cease to be a thorn in its side on June 16, strictly according to schedule. Then the commissioners suddenly broke into a sweaty suspicion that the tide had

LETTERS NEVER RECEIVED . . . NO. 3

# EGGS and MILK



DEAR BOSS:

You don't believe there is 3/4 of a pound of coal in each can of Goldfoam omelette? For the love of Pete, can't we divide as well as multiply? Can't our C.P.A.'s. discover that we burned 923 tons of coal last month which is exactly 1,846,000 lbs. (isn't it?) and that we turned out 2,500,000 canned omelettes which figures just a shade under 3/4 lbs. of coal per can?

We're too much like the housewife, I guess. She claims her omelettes contain only eggs, salt and milk — forgets the gas bill. And because she does, we find it harder to sell canned omelettes. And the coal we forget makes it harder for us to sneak a profit out of the cans we do sell.

May I remind you again that the installation of Republic meters on our boilers will enable me to cut about 7 percent off our coal bill — the tidy sum of \$2,200 yearly. That's equal to the profit on 147,000 cans of Goldfoam.

Sincerely,

*Bill Cutter*

Chief Engineer.

MR. EXECUTIVE: Over 5000 plants are saving from \$200 to \$10,000 every year through the use of Republic Instruments.

If similar fuel savings can be made in your plant, you should know about it. Get this information without obligation by mailing the coupon below.

GENTLEMEN: I would like to receive, without obligation, complete information on how flow meters will enable us to reduce our fuel bill.

FIRM \_\_\_\_\_ BUSINESS \_\_\_\_\_

NAME \_\_\_\_\_ TITLE \_\_\_\_\_

ADDRESS \_\_\_\_\_ CITY \_\_\_\_\_

Check one or both.

Mail data ☐

Have engineer call ☐

REPUBLIC FLOW METERS CO.

2238 DIVERSEY PARKWAY, CHICAGO, ILLINOIS



turned some time ago, that sentiment in favor of a new and better NRA was growing steadily in business and administrative circles. This alarming reality, runs the theory, caused them to inaugurate a hastily prepared plan to put the old, reliable firm on the map in a big way, show Congress and the public that it could be depended upon as a watch dog for the anti-trusters, or a wheel horse for any temporary recovery drive, that NRA was superfluous.

A study of FTC's performance record supports this theory. In the 18 years of its existence prior to NRA the commission docketed as applications for complaints only 6,124 cases, or an average of 340 per year, 28 a month. For the first 3 months of 1935 the scores are 21, 33, and—suddenly—98. The 18-year total of actual complaints docketed was 2,054, an average of 114 per year, 9.5 a month, but by stepping on the gas the commission boosted the figures for the first 3 months of 1935 to 16, 17, and—suddenly—42.

#### Damned Either Way

The commission's hustle to get in the limelight by stepping on group cooperation has been no less spectacular. Its flying trapeze swings blithely from actions against business groups for violating NRA codes to actions against others for living up to codes—and thereby, says FTC, violating the anti-trust laws.

The commission steps on small local groups and nationally operating associations with equal agility. The Washington (D.C.) Sea Food Dealers and the Linen Supply Association of the District of Columbia have recently felt its heel

along with the National Association of Ladies' Handbag Manufacturers, the International Association of Ice Cream Manufacturers, the Rubber Manufacturers Association, and the makers of fire extinguishers, not to forget the

group of pin ticket makers who were charged with "combination and conspiracy" and the 18 members of the Blue Crab industry who are charged with having violated code rules that were intended as ointment for trade ills.

## The Sequel to "Charge It"

How the average consumer pays his bills seems to depend on who the creditor is.

WHERE did the average consumer run up bills during the late depression? What's his delinquency record and prospect of clearing his account? Does he make the dentist wait longer for his money than the grocer? Are big stores more successful in holding down delinquent accounts than small ones? What methods are most popular in persuading the debtor to pay up? Where does the creditor get the funds to extend credit to his customers?

A tentative answer to these questions is now given in a "consumer debt study" by the Department of Commerce covering 839 business and professional creditors located in 21 states and engaged in 10 lines of activity in 1933.

The limited coverage of the survey leads the compilers to put forth their results with some hesitancy—overcome by the hope that a little information on a subject of major interest is better than none at all. Here is what they found:

(1) That professional men (dentists, doctors, undertakers, and landlords) did

90% of their business on credit compared with 54% for retailers. Among professionals, the undertaker did the biggest credit business (94%); among retailers, furniture stores, with 89% of their sales on credit, chiefly in the form of instalment accounts.

(2) That the delinquency record of retail accounts was better than that of the service accounts, only 13% of the former being overdue for 6 months or more as 1934 opened, compared with 59% of the latter. Reason: Retailers, especially department stores, are more choosy about charge accounts, and more aggressive about following up slow payers. Among retailers, the grocers had the highest overdue record—25%; department stores, the lowest—9%; among service workers, the doctors' ratio of 67% was the worst. The doctor finds it hard to refuse a case, is not equipped to follow up his patients persistently.

(3) Average size of the 6 months and more overdue bill is bigger for serv-



Wide World



International News

**BRIDGING THE NATION**—From coast to coast federal funds are already translating into steel and stone many a construction project long anticipated. Two of the biggest are New York City's Triborough Bridge (left) and the San Francisco-Oakland Bay Bridge. Financed on PWA funds, the \$43-million Triborough Bridge (actually 4 bridges and an elevated highway) will connect the Bronx, Queens, and Manhattan. Stretching across 4 miles of open water, the \$77-million Golden Gate bridge, largely financed by the RFC, is rapidly becoming an actuality after 65 years of planning; the traveling derrick is erecting the second 500-ft. steel span in the East Bay crossing (foreground) and west of Yerba Buena island the suspension towers are completed.

# The Man Who Wanted To Be

## His Own Beneficiary

SOMETIMES the story of an ordinary individual trying to get all he can out of life is more interesting than the exploits of genius.

About twenty years ago a young man secured a modest life insurance policy. An agency representative had suggested that any thinking person would arrange early in life for some insurance.

A few years later this man married and was transferred to another city. Here another life insurance man expressed surprise that he had not purchased more insurance upon marrying, whereupon he did so.

Some time afterwards when he had taken a better position with another firm and his first child was born, a life insurance representative suggested his taking a *third* policy.

And as this man's life unfolded, there appeared to be controlling reasons for him to increase his insurance until today he has policies aggregating \$40,000. His action in each case resulted from convincing representations made by life insurance underwriters.

Grateful for the fact that today he has a valuable life insurance estate, this policyholder, a very real person, recently decided to make the next move *himself*. To The Mutual Life Insurance Company of New York (in which he has his policies) he put this question:—

"If I live and continue to pay all my premiums, now amounting to nearly \$1,000 a year, until I am 65, how much *life* income

from the fund I have been accumulating can I expect to receive?"

The representative who called on him did some calculating. "Approximately one hundred and twenty dollars a month," he replied. His questioner was delighted. "That will make *me* the beneficiary!" he exclaimed.

"Yes," replied his friend, "but there is one point you may wish to consider. When you are 65 your wife will be 60. It can be arranged so that in the event of your death this income would be paid to *her* as long as she lives!"

"I would like that," was the reply of this policyholder, and the agreement was signed.

As the company representative left, his questioner made this observation: "I am very much indebted to you, but I am a little disappointed that the only life insurance plan I ever really originated *myself* should have been so quickly improved upon by you."

If *you* are discussing life insurance with a Mutual Life representative who demonstrates that *he* knows more about what it can do for you than you do, yourself, you will perhaps not hold it against him. After all, *you* may be the beneficiary!

★ ★ ★

Everywhere men and women are giving fresh consideration to rebuilding and strengthening their plans for security against future needs through life insurance. If you are one of these, tell us you have seen this advertisement and receive the booklet, "The Man Who Wanted to be His Own Beneficiary," recently published by The Mutual Life Insurance Company of New York.

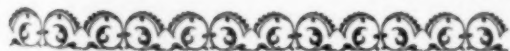
# The Mutual Life Insurance Company of New York

DAVID F. HOUSTON, President  
34 Nassau Street, New York

FIRST POLICY ISSUED



FEBRUARY 1, 1843



ices than for merchandise, \$64 against \$37. Retailers can limit the size of credits extended more readily than landlords can reduce the amount of unpaid rent. And the undertaker may not get a second chance to say "No" to the same party.

#### Best Sales—Fewest Delinquents

(4) Retailers doing the biggest annual sales volume usually have the smallest part of their receivable accounts delinquent for 6 months or more. Among department stores the ratio dropped from 16% for those with sales under \$1 million a year to 7% for those with sales over \$5 millions. Chief exception—women's clothing stores. Among service creditors, there is no such regularity. And landlords with the largest annual rental income find their share of overdue accounts very much higher than the smaller fry, 52% against 5% in the lowest classification.

(5) The more credit business, the more delinquency. Among the 729 creditors reporting, those having less than 25% of their business on a credit basis had less than 11% of their accounts overdue more than 6 months; those having 75% of their business on a credit basis had 22% of their accounts receivable overdue. The figures run much higher for the service group considered alone.

(6) Repayment expectations run high. Retailers are confident they can collect 68% of their outstanding overdue accounts at a cost of about 12% of the amount collected. Professional creditors put the figure at 52%, with a 15% collection expense. Furniture men were most optimistic. They can always repossess the goods in a pinch. The grocer is not so fortunately situated in this respect; neither is the undertaker.

## 15%—No Percentage

**Report on federal "bargain order" shows it didn't mean much, supports code price controls.**

AFTER 9 months of profound silence on the subject, NIRB has delivered itself of a report on the effect of the famous 15% order (BW—Sep29, Oct27'34). The facts presented provide ammunition for neither proponents nor opponents of code pricing and fair trade practice provisions.

Developments that led up to the issuance of Order #6767 were these: (1) At hearings on price provisions in codes, early in 1934, representatives of governmental agencies and quasi-public institutions charged that certain industries had effected excessive price advances and a price uniformity which indicated agreement among bidders. (2) To curb this practice came Administrative Order X-48 which on bids for gov-

ernment business allowed certain exemptions from code provisions governing quotations. (3) Immediate protests that the order meant the tearing down of codes and would impede recovery brought Executive Order #6767 which put a floor under price concessions to government buyers by limiting reductions to 15% below whatever prices the bidder might have filed with his code authority. To pacify kickers provision was made for a study of the results.

#### Tie Bids Studied

In the report now submitted to the President, the board states that it selected for study only those industries in which tie bids were most common at the Treasury and Navy departments.

Among 69 industries investigated only 9 were found with "a very high degree of uniformity in bids"; 10 with "moderately high" uniformity or increasing uniformity; 18 with what the board calls "intermediate uniformity"; 18 in which the order was presumed to have produced a diversity of bids; 14 in which tie bids were found infrequent.

Admitting that they create a problem for the buying agencies, the board observes that tie bids may indicate "the closest kind of competition for governmental business," that they "were widely prevalent prior to the codes," that their wider use now "may well have been due to the general stabilization of prices at the end of a long period of acute price changes subsequent to 1929."

As to the direct effect of the order on pricing practices, the board reports that of 85 sets of contracts studied, 41 showed an increase in the number of tie bids, 34 a decrease, and 10 no change. As compared with conditions in the code period prior to Order #6767, the board found that since then the percentage of tie bids has decreased in 31 industries, increased in 21, remained the same in 15. It concludes that the order has not had any substantial effect on prices nor caused "any special benefits or losses to private purchases" but takes refuge from critics in a warning that its study may not tell the story "with any degree of finality."

#### Price Control Principles

Those interested in retaining code price provisions under a new Recovery Act find consolation in the fact that the board reiterates that it is NRA policy "not only to avoid price-fixing, but also prevent destructive competition," thinks that out of past experience principles have been formulated "which indicate the extent to which industry should be permitted to go on price provisions."

Comments in industries suspected of being the target of Order #6767 confirm predictions (BW—Oct27'34) that almost everybody would sit tight and that the government would get few if any bargain prices by offering immunity from code provisions.



Underwood & Underwood

**NO DODO**—General Hugh S. Johnson appears at the Senate Finance Committee's hearings on NRA (1) to argue that the house should not be burned down to kill the rat; (2) to prove by charts that NRA had done "a vast amount of good" in checking monopolies; (3) to laugh off his famous remark that NRA was as dead as a dodo.



## Drugs Loose Again

As prices break from NRA moorings, drug code authority member resigns to "do his duty."

BEFORE NRA codes gave the drug trade a hook on which to hang industrywide efforts toward price stabilization, it was news when some important trading area did not have a price-cutting battle in progress, usually between chains and independents. Today it's news when one breaks—and it has in Newark, N. J.

The trouble there flared up first some months ago when "pineboard" drug stores (BW—Apr 12 '32) and cosmetic shops decided that the retail drug code with its dozen-lot minimum price provision was doomed, and proceeded to cut below permitted prices. As usual, they used widely advertised products as bait and pushed substitutes, mostly made by unknown concerns—and mostly netting them a huge profit.

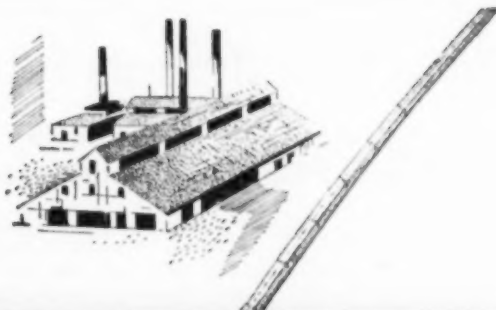
### Free to Fight

Recently the situation drew national attention when G. M. Gales, president of United Drug Co.'s 590-unit chain of Liggett drug stores, resigned from the national retail drug code authority so as to be free to do his duty toward his "company and its stockholders." Other chains had already begun to fight back by cutting prices down to levels where they could hold their trade. There are 10 Liggett drug stores on the Newark battleground and Mr. Gales may also find it necessary to "do his duty" at Richmond, Baltimore, and a few other points where danger is threatened.

So far, manufacturers and wholesalers have made no move to stop the battle by calling on New Jersey's recently enacted Fair Trade Act (BW—Mar 30 '35) permitting resale price maintenance. They are not quite sure of their ground on this, want to see a favorable decision from the U. S. Supreme Court before putting the screws on. (Meanwhile, they note that, with fair trade laws already enacted by California, New Jersey, Oregon, and Washington, a New York law awaiting the Governor's signature and similar bills pending in 5 other states, the campaign for legal means of price stabilization is making swift headway.)

### Uneasy Allies

Independent druggists are suspicious of the chains' claim to blood brotherhood when it's a matter of fighting the pineboard and cosmetic shop price-cutters. They recall that in 1932 C. R. Walgreen, head of the Walgreen chain of 490 drug stores, came out in favor of fixing minimum prices (BW—Jan 15 '32), but can't remember that any other chain has publicly declared its love for permanent price stabilization, although some are reported to be championing it.



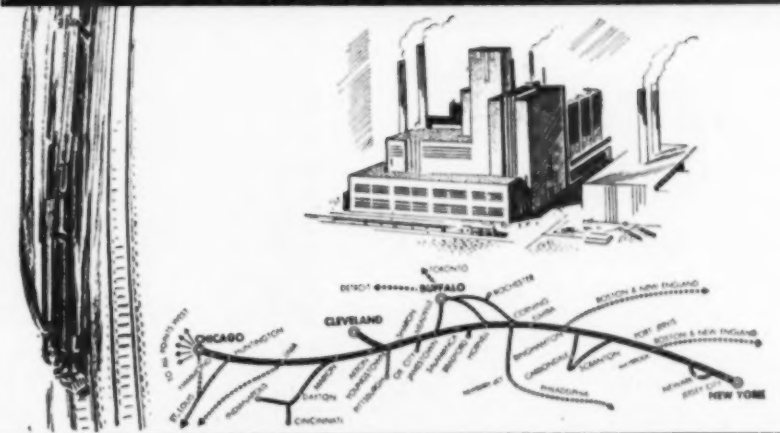
## Let the Foresight of ERIE Find the *One* Site for You

• Let Erie help you find that new plant or new location.

The last few years disturbed the map of industry. Markets, workers, even sources of supply have shifted. Manufacturing profits depend on access to all of these.

The shifts have been so rapid it is hard to follow their trend. If they perplex you, ask Erie. We can tell you of markets and materials, labor supply, taxes, real estate values, available factories or sites, and industrial data of many sorts.

We study, chart and analyze these changes constantly. Call on this army of facts to help you win your fight for profits. There is no charge for the service. Write the Industrial Commissioner, Erie Railroad, Cleveland.



# 3-Ring Investments

People who thought they were buying New York realty bonds wind up with a piece of the circus.

SPRING is here and so is the circus season. In New York's Madison Square Garden open-mouthed kids thrill to the antics of clowns, to any number of men on flying trapezes, to human projectiles shot from guns, to other wonders of Ringling Brothers-Barnum & Bailey, greatest show on earth. The kids do not know it, but all hands, from the hugest elephant down to the minutest midget, are working hard to lift a mortgage from the big top.

The Ringling show, together with others making up the so-called circus trust, are in hock for a boom-time loan. To complicate matters, the loan is from a spread-eagle holding company, said company having since gone on the rocks. Stock in the shows was put up as collateral for an advance made in 1929 by the New York Investors. This security was one of the more comforting items found in the Investors' portfolio when equity receivers took it over.

New York Investors is one of those marvels of corporate complications that drive chart-makers to suicide. Under it are a host of realty companies, including the Prudence Bond group, dealers in guaranteed mortgages now under "rehabilitation" (sweet word!). Underlying assets include such unrelated items as Coney Island bathhouses, theaters, skating rinks, a railway company.

## Still Run by Showmen

Present management of the shows wants it understood that it had no part in the shenanigans by which New York Investors was articulated, and that Wall Street has no say in the way the circuses operate. Ringling would preserve the good-will built up by the famous brothers against the ill-will built up by security manipulators. Sure, there is that loan. But showmen still run the show and receivers for New York Investors realize that the best chance of getting the note paid is by allowing good showmanship free rein.

A tragic figure in the picture is John Ringling, last of the 7 great brothers. He is a sick man and he is 69 years old. Active management of the shows has passed to other hands, though he is still president of the circus company. It was he who arranged the loan which, made in good times, is now a burden.

In 1929 John Ringling ran the show. The remaining family interest was represented by the widows of Charles Ringling and Richard Ringling. Competition from the American Circus Corp., comprising 5 important rivals, galled the Ringling show. John conceived the idea—a popular one at the

time—of buying out his competition. To do this he got a loan of \$1,714,000 from the New York Investors group.

Then the slump. Show attendance dropped. Ringling continued imperial expenditures on developments at Sarasota, Fla., where the circus winters. But interest payment on the loan came harder and harder and by 1932 the note holders demanded additional security. Negotiations followed which are still obscured by conflicting statements. At any rate, results were (a) formation of a company to take the place of the family partnership that operated the Ringling show; (b) pledging enough stock of this company and of the American Circus Corp. to protect the loan; (c) extension of the loan to 1937; (d) appointment of Sam W. Gumpertz as general manager of all the shows to take over the key executive position.

## Bad Faith Charged

Mr. Ringling later made some bitter statements about that agreement. He said for one thing that a New York Investors party forced him to sign when he was too sick (fever 104) to object, and that the other side didn't live up to the covenant. The other side denied such statements with great vehemence, countered with nasty charges against Mr. Ringling. It might have been some comfort to him when in January last year a federal grand jury decided that several

of the New York Investors executives had allowed their feet to slip. Indemnities were returned against 12 of them.

At any rate Mr. Ringling appeared to be the only person unhappy over the new general manager. Mr. Gumpertz was interested in New York Investors, was therefore acceptable to that group and he also had the confidence of the 2 Ringling widows. He is a veteran showman and there is general agreement that he has done an excellent job. It was his idea to import the Ubangis—those astonishing Africans who go about with saucers in their lips. He has pretty well proved that human beings are more interested in funny-looking human beings than in other sorts of strange mammals.

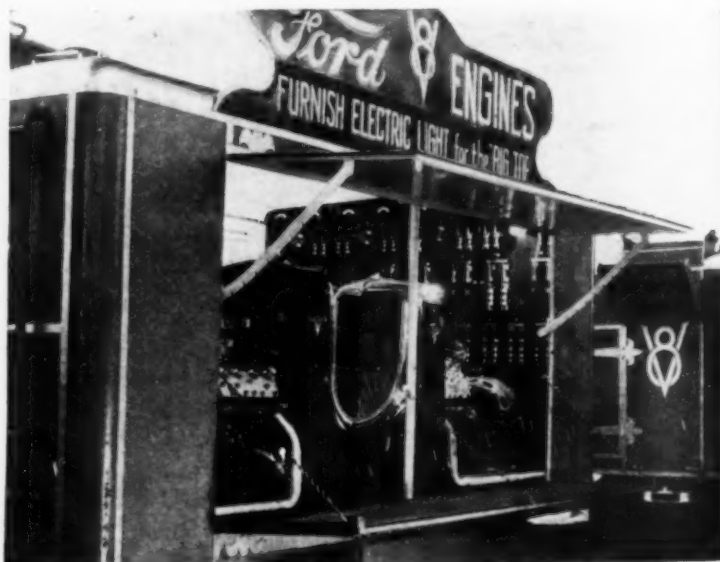
Says Mr. Gumpertz: "We made some money last year. We are going to make more this year."

## Three Shows This Year

Mr. Gumpertz manages the shows of the American Circus Corp. as well as the Ringling outfit. They are putting 2 other shows on the road this season—the Hagenbeck-Wallace in the Middle West, and the Al G. Barnes show on the Pacific Coast. Old names owned by the combination but now inactive are John Robinson Shows, Sells-Floto, Sparks.

About the only competition the combination expects this season is from Tom Mix' wild west show on the Pacific slope and a new circus called Cole Bros. & Clyde Beatty's Trained Animal Exposition in the Middle West.

The Gumpertz policy is to keep the name of the show superior to any act. He is credited with having built Clyde Beatty's lion and tiger baiting stunt to



NOT A CIRCUS STUNT—Automobile engines are finding increasing uses for other jobs than running automobiles. Four that travel in the wagons of the Coles Bros. & Beatty circus drive the show's lighting plant. In 1934 Ford sold 500 V-8 motors for industrial, agricultural, and marine work, figures that 10,000 are now pumping water, compressing air, operating sawmills and other machines.

a spectacular success. Clyde walked out and joined the rival organization. Mr. Gumpertz was not in the least nonplussed. He still had the lions and tigers which Mr. Beatty was wont to annoy. So what did he do but get Maria Rasputin, daughter of the Mad Monk and guaranteed authentic, to take over the old Beatty routine with the animals. The act is going big with the Hagenbeck-Wallace show. It is said that the audience likes the Mad Monk's daughter just as well as it did Clyde—and the animals like her a good deal better.

## Follow-Ups

When the news broke, *Business Week* told the story. Later developments add these postscripts.

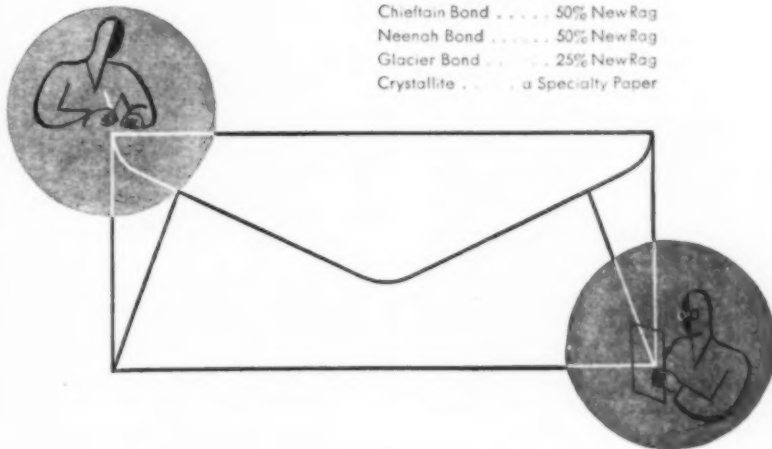
TO PRODUCE approximately 1,200 "New American Plan" homes by early fall—1 for every 100,000 population—the General Electric Co. is launching an intensive promotion campaign. To builders in various sections of the country G-E is offering the 52 prize-winning designs submitted in its recent Home Electric Competition (*BW*—Feb 2; Mar 30'35), coupled with substantial discounts and terms on electrical equipment. With the cooperation of the Federal Housing Administration, banks, publishers, and numerous construction companies, G-E will push the housing drive through special community committees will promote the sale of the finished houses in its own advertising.

## Radio Records

With March sales at their all-time high for any single month in the history of the networks, the National Broadcasting Co. and the Columbia Broadcasting System closed their books on a record-breaking first quarter with more than an idle hope of smashing their 1934 year-record (*BW*—Jan 12'35). According to National Advertising Records, CBS March sales totaled \$1,829,553, compared with its best previous month of \$1,752,601. NBC hit a peak of \$2,991,998, compared with its previous high of \$2,894,366. Already starting promotion activities to ease the seasonal summer slump, NBC announced this week that 60 advertisers had already signed for 74 summer programs. Evidence that individual stations and smaller networks throughout the country, whose sales approximate 40% of radio's total, have experienced similar first quarter improvement is reflected in reports issued by the National Association of Broadcasters and by the rate increases quoted by various broadcasting companies to match those of the chains. As a result of its power increase to 50,000 watts in March W/O R this week announced new rates effective May 20.

# USING FINE RAG-CONTENT LETTER PAPER IS A BOOST TO THE WRITER, A COMPLIMENT TO THE READER + CAPITALIZE ON THIS WITH **NEENAH** BUSINESS STATIONERY

Old Council Tree Bond 100% New Rag  
Success Bond . . . . . 75% New Rag  
Conference Bond . . . . . 65% New Rag  
Chieftain Bond . . . . . 50% New Rag  
Neenah Bond . . . . . 50% New Rag  
Glacier Bond . . . . . 25% New Rag  
Crystallite . . . . . a Specialty Paper




"Distinguished Letterheads" is the name of one of the Neenah booklets. It contains a fine collection of modern letterhead designs. This



and other sales aids will be sent gratis upon request.


Write to Neenah Paper Company, Neenah, Wisconsin.



## ESCAPED CONVICT?

**NO!** The purchasing agent is putting his bloodhounds on the trail of the paper salesman who recommended that cheap ledger paper. The salesman is about to learn that customer satisfaction is won only by selling a thoroughly competent paper at moderate price. Stonewall Ledger for example. Manufactured by Neenah Paper Company, Neenah, Wisconsin.

## NEENAH STONEWALL LEDGER



**75% NEW RAG CONTENT**





## Clear Track! —and the Limited Rushes on

Through the black curtain of the night, the Limited rushes on its way, protected at all times by dependable, automatic signaling systems. In the unflinching operation of this all-important safeguard of railroad transportation, one of the most vital roles is played by small, little-known pieces of metal—the electrical contacts.

Through years of developing constantly improved material and designs for contacts for all classes of service, Mallory is in a unique position to serve manufacturers of electrical control apparatus in this highly specialized field.

**P. R. MALLORY & CO., Inc.**  
INDIANAPOLIS INDIANA  
Cable Address Pelmallo



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## Every employer knows the story

of the employee who dies and leaves nothing to tide over his family. It is a common occurrence.

## GROUP INSURANCE

prevents this distressing situation by providing a substantial payment to the employee's family.

Full information  
ready for Employers



THE PRUDENTIAL  
INSURANCE COMPANY  
OF AMERICA

EDWARD D. DUFFIELD, President  
Home Office: NEWARK, N. J.

## State Import Tax

Washington imposes 2% tax on imports into the state to halt evasions of its 2% sales tax.

REVOLT is brewing in the sovereign state of Washington against enforcement of a recently enacted law that imposes a 2% tax on all goods exceeding \$20 in value purchased outside the state and then brought over the state border. Announced as a supplement to the state sales tax law, which exacts a 2% tax on all retail purchases and a graduated tax on sales by wholesalers and jobbers, the act is intended to stop local tax evaders, who have made it a practice to do their major shopping in the neighboring state of Oregon, which has no sales tax.

## Consumers Demand Referendum

The situation is particularly acute in that part of Washington which lies near the Oregon border and falls logically within the Portland trading area. There consumer buyers are protesting and demanding a referendum on the measure. They are getting moral support from the Oregon retailers who have been profiting from the increase in over-the-border buying and who now contend that the new "import" tax is unconstitutional.

Washington is the first state to attempt to plug such leaks, although similar conditions prevail wherever consumers can evade local sales taxes by short jaunts into other states or towns where no sales taxes are imposed. New York City faced the problem when it imposed a 2% tax and finally met the protests of its merchants by ruling that the sales tax need not be applied on retail purchases delivered outside the city.

## Hampers Interstate Commerce

Meanwhile business concerns that do a national business are wondering how far the various states may go in attempting to regulate trade within the state by methods that definitely affect interstate commerce. They consider this new Washington law as nothing more or less than a tariff wall against the free flow of trade. In a similar category of legislative attempts to obstruct business they classify the recently enacted Maine law which requires the registration of cosmetic products and the law which the Nevada legislature passed, but which was vetoed, that would have required registration of trademarks.

It is argued that conflicting state tax and regulatory laws already impose heavy burdens upon manufacturers and that the erection of further artificial barriers eventually would make each of the 48 states a separate commercial domain and push up the cost of doing business to exorbitant levels. But this bogey is no substantial threat, for the federal courts have rarely countenanced state laws tending to restrict national commerce in any significant degree.

Just published

## What Makes People Buy

By DONALD A. LAIRD

Psychological Laboratory, Hamilton, N. Y.

230 pages, 5½x8, \$2.50

A NEW and radically different slant on the consumer's unconscious desires in marketing—what he buys, why he buys it, how he buys it! Heretofore, merely the surface of the customer's mind has been scratched; this book digs into the deeper layers and lays bare the usually hidden workings.

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What simple motives really control buying?

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UNIPAK wood casement windows offered by Farley & Loetscher Mfg. Co. are completely hinged and weatherstripped at the factory. Outer frame has no mullion posts or transom bars and the inner unit is screwed into place. Screens for summer use or double glass for winter protection can be readily attached when required.

THE West Bend Aluminum Co. offers the Speedmaster tea kettle which is operated with a removable ring-type electric heating unit or may be used as a common tea kettle on any range or stove. It is filled through the spout, which is opened or closed by a trigger on the handle and has a device which whistles when the water boils.



Sethelman

At the Industrial Arts Exposition, the Singer Sewing Machine Co. exhibits electrically operated scissors for home use; they work on the vibrating principle and employ razor blades as the cutting agent—at the rate of 3600 ups and downs per minute.

A POPULAR priced portable 24-hour recording thermometer with unbreakable face and self-centering chart is now offered by the Practical Instrument Company for weather fans and for check-up work in the refrigeration and air-conditioning field.

WITH the entire operating mechanism mounted on a hinged support, which leaves terminals fully accessible and fuses unobstructed, the new Square D swing-out switch provides greater wiring space, permits quicker installation of wiring.

FOR use on machine tools and elsewhere the Fostoria Pressed Steel Corp. offers a lamp that has 3 ball-and-socket joints, fully enclosed conductor cord, aluminum shade, and that permits instant change of the bulb without altering the position of the lamps.

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**DUE FOR AN AIRING**—Undaunted by the prospect of having to cope with the problem of radio relations and to answer for the shortcomings of the Press-Radio Bureau (such as broadcasting the wrong Hauptmann verdict), Kent Cooper, general manager of the Associated Press, faces the microphones in delivering his opening message while Secretary Ickes (at the left) waits his turn to speak. Radio was only one of many problems to plague publishers at the AP meeting and the 3-day session of the American Newspaper Publishers Association in New York City this week.

## No Freeze-Out for Ice

**The electric refrigerator pushed out the old icebox—and a good thing it was for the iceman, since a new one and a new kind of selling are making records for him.**

RECORD sales are topping record sales quotas in the ice refrigerator field, despite the fact that its most potent peril, the mechanical refrigerator industry, is also piling up records.

All was quiet along the ice front up to 1930. Production of ice had been climbing year after year. Makers of ice boxes were still selling their varnished oak and galvanized iron contraptions in satisfactory quantities.

Then sales of both ice and ice boxes hit the toboggan. The more snugly enthroned operators blamed the depression. The wise ones looked around, saw the mechanical refrigerators, and sounded the alarm.

Leaders pointed out 3 weak spots in the strategic position of their industries:

### Weak Spots

- (1) The ice box upon which all depended for sales volume was sadly antiquated and inefficient;
- (2) The merchandising ideas, if any, of most ice manufacturing, distributing, and retailing concerns were as out-of-date as the iceboxes they serviced;
- (3) For contact with the consuming

public the industry depended upon poorly or wholly untrained individuals—the common or garden variety iceman.

To eliminate these handicaps, all branches of the industry were rallied around a program that has been followed through with telling effect. Insiders boast that seldom have factors that portended certain defeat and disaster been turned to better defensive use.

Thanks to the personal effort of industry-minded individuals and the organized effort of manufacturer groups, ice producers have learned to take a keen interest in the selling methods of their new competitors and apply them to ice-refrigerator selling. Some co-operate with retail stores. Many have their own merchandising departments for selling ice refrigerators. The City Ice & Fuel Co., largest ice producer in the United States, owning 165 ice-making plants and storage facilities for 915,000 tons, decided late in 1934 to manufacture its own line of ice refrigerators. These are now being sold through ice distributors as a means of insuring a future market for the company's major product.

In most instances these ice manufacturers and distributors sell refrigerators at little above cost or at no profit at all. A few take a loss on the actual sale, but chalk up a credit through the increase in ice sales.

### Sales—Not Just Delivery

Following adoption of competitive, intelligent, and up-to-date merchandising policies, the ice industry shelved the old-fashioned ice man and trained its delivery personnel to become sellers not merely of ice, but of ice-using refrigerators. The modern ice man reels off a sales talk just like a salesman for a mechanical unit, knows the construction of the line he sells and its competition, can orate at length on the advantages of ice, on general refrigeration requirements, on such matters as food protection and "safe" temperatures, balanced moisture, washing odors out of air, etc., etc. Insiders say that much of the credit for the success in personnel training goes to the widespread use of the National Marketing Plan, originally developed by the Southwestern Ice Manufacturers Association and the University of Texas, afterwards adopted by the national organization.

However, all the merchandising-mindedness of officials and all the salesmanship of the routemen would have gone for naught without the modernized, moderately-priced ice refrigerators which former "box" makers have learned to turn out. It is the combination of new and better products, plus intelligent sales assistance from the ice industry that has made the records.

The history of the Coolerator refrigerator supplies a measure of the speed of the recovery in this field. Early in 1931, directors of the Duluth Show Case Co. decided to bury the company's ice refrigerator manufacturing subsidiary. After sinking \$300,000 into an effort to put over Coolerator, a distinctive and highly efficient ice refrigerator, it was still losing money. With 3,000 Coolerators on hand, the company dropped its entire sales organization and started to sell by mail at close-out prices to get as much money as possible out of the venture and then forget it.

### Then the Tide Turned

However, by the time those 3,000 were disposed of, some ice companies were making so many sales that production was resumed. Since then the company has enlarged its quarters twice and Vice-President J. H. Ganzer reports sales in 1933 at 20,000 units, while 1934 pushed the total to 40,000 and the 1935 quota of 75,000 units now looks too small.

The Ice Cooling Appliance Corp. at Morrison, Ill., after merchandising ice-refrigerated equipment for 8 years, has set its 1935 quota 120% above 1934 totals and reports sales even now "well on the way toward that quota." A new



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Aboard a United Air Lines Transcontinental Plane

*"... and when I read in Business Week that Federal Relief appropriations will require about \$125 million worth of roadbuilding machinery, I packed my bag and set out to put some pep in our sales force."*

line of Evercold-Duo-Draft all-steel ice refrigerators is piling up sales for the McKee Refrigerator Co., and excellent results on modernized lines are reported by makers of the Albatross line (West Los Angeles), the Ward Refrigerator Co. (Los Angeles), The Ranney Refrigerator Co. (Greenville, Mich.) and other refrigerator manufacturers.

Total sales of new-type ice refrigerators reached 500,000 in 1934 and are

said to be headed for three quarters of a million in 1935.

Some manufacturers of ice refrigerators have brought out ice-using appliances for air-conditioning homes and offices and are thereby helping ice companies build a wider market in that field. In some sections buyers of ice for air-conditioning of theaters, stores, and public buildings are already the ice manufacturers' largest customers.

## Word from Japan

### Protest of the American textile industry on Japanese textile imports brings warning from Tokyo, and proposal to "talk things over."

JUST when the United States is protesting loudest over trivial imports of Japanese textiles, Japan has called a conference of all producers—cotton, silk, and rayon—to consider plans for limiting output. As in every great industrial country, a boom period with huge profits threatens to throttle itself by overproduction.

Nipponese silk has long dominated world markets. Since the depression, silk exports have dwindled drastically. Japan has countered the shock which surely would have been disastrous by turning to the manufacture of cotton goods and rayon. In the last 5 years, she has become the world's largest exporter of both. Now both domestic and foreign markets are showing signs of being glutted, though industries continue to expand on the basis of recent large profits.

What Japan may do at the present conference to regulate industry at home can be surmised from various recent trends.

#### Has Control Machinery

As long ago as 1931, Japan legislated the Major Industry Control Law (BW—Aug 18 '34). Alarmed over the tremendous increase in productive capacity in a dozen or more lines due to the fabulous profits in the 1929-31 industrial boom, the government won the right to regulate business as soon as two-thirds of the members of the industry felt it wise. It was not until last summer that this law was called to the attention of recalcitrant industries—especially cement and paper—as a warning.

The government also has the power to regulate any productive or sales cartels operating against the public interest, or against closely allied industries.

Backed with these powers, Tokyo is prepared now to handle the textile situation if the industry is unable to agree on a plan of its own.

Bound to come up for discussion is the export situation, particularly the re-

cent strong protest from American textile manufacturers against imports of cheap Nipponese textiles. Japan, taking more American cotton this year (\$82.4 millions) than the next 3 foreign customers of the United States (England, \$37.9 millions; Germany, \$16.9 millions; France, \$20.4 millions) will not be quickly convinced of any "unjust dumping" so long as exports to the United States are no larger than the \$6 millions which it is estimated they may reach this year.

Tokyo might enter a compromise bargain with Washington. For more than a year, various Japanese industries have

had export guilds. Purpose is to regulate the flow of Japanese goods so as to maintain foreign good-will. Electric light bulbs, rubber-soled shoes, beer, cement, and tuna are only a few of the products now exported under control by the industries themselves.

#### Urges Caution

For some time the Ministry of Commerce and Industry has been encouraging makers of cotton cloth to control production and exports, because of the growing intensity of restrictive measures on the part of other nations. Jeanned drills were placed under control with satisfactory results.

Finance Minister Takahashi recently pointed out to the Diet a weakness in Japan's foreign sales tactics: "One trouble with Japanese exporters is that, while at first they cooperate with foreign merchants, they later try to monopolize every trade interest, from wholesaling down to retailing. This is one reason why foreign merchants often work against, and succeed in excluding, Japanese goods."

Another Minister was less reserved, pointed to the huge imports of American raw cotton, the unfavorable trade balance with the United States last year of \$90 millions, and suggested that Japan must sell if she is to buy abroad. He might have called attention to the country's Trade Safeguarding Bill (BW—May 12 '34) which gives the government the power to act promptly in retaliating against trade discrimination.

### JAPANESE MATCHES

Landed Cost of 1 gross - 144 boxes	15¢
Duty	20¢
Excise Tax	11.5¢
Jobber's Profit	5.5¢
Wholesale Selling Price	52¢

Retail Price to the Public - 1¢ per box

### AMERICAN MADE MATCHES

Manufacturing Costs	
per gross - 144 boxes	66
Excise Tax	11
Overhead, Freight, and Profit	12
American Selling Price	90
(delivered)	

Retail Price to the Public - 1¢ per box



**NO MATCH FOR THE JAPANESE**—American industries—particularly electric light bulb, rubber-soled shoe, match, and cotton-goods manufacturers—declare they cannot compete with Japanese imports, largely because of labor costs. Here is one of a series of exhibits prepared by Rep. Edith Nourse Rogers of Massachusetts to prove that point to Congress. But President Roosevelt has reminded the lawmakers that Japan is one of our best customers, must be handled tactfully.

# Business Abroad

**Fate of states in the Danube Valley will be questioned at Rome conference in May. Trade by barter, pushed by Germany, gains in volume. Belgian business is active following devaluation. Canada pushes search for gold.**

CONFIDENCE has been somewhat restored in Europe, but it is only skin deep. France is convinced that Germany will not be ready to take any really aggressive move for 3 years, realizes that Berlin will not hesitate in the meantime to settle certain minor matters to her own satisfaction because no one in Europe will seriously interfere. France is also fully aware that Britain will—in any pinch—come to her rescue. Though no treaty has been signed to this effect, Paris and London have a tacit understanding. In fact, this need for British cooperation probably caused Paris to listen when London criticized the pending Franco-Soviet pact. It is doubtful if England would come to the aid of France, if France in turn had been drawn into a struggle simply because committed through a mutual-aid pact with Russia. It is doubtful, unless conditions alter radically in the intervening period.

## What Will Germany Do?

Next real test of Britain's conciliatory policies and of the Franco-Italian determination to keep the lid on the kettle in Central Europe will come at the conference of the Danubian states in Rome in May. The Little Entente (Czechoslovakia, Rumania, and Yugoslavia) is asking for a showdown on the question of Austrian independence. What commitment will Germany offer, and what guarantees will the Powers make? These are the realistic questions which it will be difficult for either Berlin or London to sidestep.

The attacks on the Swiss franc and the Dutch guilder have not yet stopped, but have diminished in force. Europe now believes that both countries are going to weather the strain yet a little. Most people believe that Switzerland, at least, will be bound to go off the gold standard this summer, possibly as a consequence of the popular referendum of June 2, if it turns out against the government, or—if the referendum is favorable to the present government—as a consequence of the Swiss banking situation which, though improved, is still not liquid. It is obvious that a reduction in the value of the currency of a country whose main industry is tourism may have a very prompt favorable effect. It should be noted at the same time that the Swiss Hotel Association decided early this month that after Apr. 15 the tourist franc, created last year, will be abandoned. This move should fortify the present currency.

Concerning Holland, it is believed that the National Bank has full control of the situation now and may even recover much of the gold shipped abroad recently to support the currency. The same European observers think that it might be possible that Holland will try to remain on gold, even if the Swiss franc slips.

British business has reacted favorably

to the budget report and the stimulus to retail trade connected with the Jubilee celebration. France reports slightly better trade trends this week. Belgium is still enjoying the boom which inevitably follows closely on devaluation. Sweden, Norway, and Denmark are in excellent condition. The earthquakes in Iran (Persia) and colonial Japan will have small effect on international business.

Internal industrial activity in Germany is in striking contrast to general export business when compared with normal years. Germany's success with the barter system, however, is attracting widespread attention because of the serious competition it is offering and because the idea is spreading.

London, watching the problem closely, summarized the situation in the columns of *The Metal Bulletin*, indicated that the greatest international traders in Europe are concerned over the progress which Germany and other countries are making in this new barter business. Deals completed in recent months are tabulated:

## What They Bartered

Iran (Persia) has placed orders in Sweden for rolling-stock to the value of 5½ million kroner and for bridge material worth 4 million kroner in exchange for agricultural produce; France is exporting to England 78,000 tons of pit-props in exchange for 120,000 tons of coal; Brazil is negotiating with England the construction of 2 destroyers and with Italy for several submarines in exchange for various Brazilian agricultural products; Italy is building two 30,000-ton liners for Poland in exchange for coal; Spain is importing Polish fuel for her Biscaya blast-furnaces in exchange for ore; Palestine is exchanging oranges for Welsh coal and for German machinery; Spain is negotiating for German machinery in return for Spanish hides; Germany is negotiating for Chilean nitrate and copper in return for German machinery; German manufactured goods are competing with Japanese in Central America as a result of German demands that huge coffee sales be balanced with purchases of German goods.

Turkey has inaugurated a new style of barter by offering to pay interest due on foreign loans and dividends owing to foreigners in Turkish wheat

and other agricultural products. Some 17 million leva of "frozen" Greek credits in Bulgaria are being liquidated by equivalent exports to Greece of charcoal, and agricultural products. Czechoslovakia, whose foreign trade balance with Turkey shows a favorable balance, but who at the moment has no market for imports from Turkey, has suggested that the balance in her favor in trade with Turkey be transferred to Spain against deliveries of Spanish products.

These deals involve most of Europe but Germany has set the pace, and with tremendous purchases of essential raw materials is able to force some of the largest deals. The scheme is not yet working smoothly, but is gaining momentum.

## France

**Business shows first signs of improvement in many months. First public television program will be broadcast next week.**

PARIS (*Wireless*)—France is calmer this week, and business is showing signs of a belated spring recovery. Unemployment has declined. A provisional trade pact has been signed with Italy which is merely the prelude to a long-term trade treaty.

Paris is excited over the announcement by the government that the first public television station in the country will be broadcasting by the end of the month from the Eiffel Tower.

France is watching closely the effects at home and in Belgium of the Belgian devaluation. Brussels and Antwerp are experiencing the expected pickup in activity. Prices have risen, and buying activity has been stirred on all markets. The influence on the French market and business has been, of course, rather disturbing, particularly in the North. The French collieries and textiles which generally export a part of their production to Belgium now anxious about doing business on the new basis.

## Border Problem

A very curious situation has developed which shows some of the difficulties created by the Belgian devaluation. France's northern factories employ a large number of Belgian workers who live on the Belgian side of the border and work on the French side. French manufacturers employing this foreign personnel have decided to reduce their wages in French francs by from 20% to 25% on account of the 28% Belgian devaluation and in order not to give them a salary which might have a real value in Belgium far above that received by their French comrades. But the Belgian workers decided to strike and their French comrades have partly decided to join them on the strength of the possibility that the reduction in salary decided for the Belgians might be a forerunner to a similar move concerning the French salaries.

It is said that production officials for the Ford-Mathis automobile organization are in the United States now buy-



ing new equipment for the plant. The new equipment will probably cost at least \$1 million.

## Great Britain

**Favorable domestic developments offset executive fears of another drive on the gold bloc or further political tensions on the Continent. Building societies reduce mortgage rate from 5% to 4½%.**

LONDON (Cable)—Company reports and other current barometers should make British business buoyant, but it is not. There is a heavy undertone of uncertainty. Stresa and Geneva have brought only temporary and superficial relief to unsettled nerves. Every move by Berlin is being watched closely.

Jubilee preparations are absorbing a good deal of attention, and there is widespread interest now in the events which will follow the royal thanksgiving service May 6, but there is no hilarity. The throne is setting the key for the whole celebration, and to both the King and the Queen the Jubilee is a religious observance. It was only after strong public agitation that the King agreed finally that there should be 4 carriages in the royal procession to St. Paul's cathedral, instead of the one which he deemed necessary. The provinces, as a matter of fact, will celebrate far more gayly, at least on May 6.

### October Election

Election talk is not widespread in London just now, because of the concentration on the Jubilee, but the "small man's budget" was so obviously a bid to the electorate that it has revived whispers among leaders in the City. It is an open secret that Ramsay MacDonald is staying on at the head of the government only as a matter of courtesy through the Jubilee. There is once more active talk of an October election. Any crisis in Europe in the interval would undoubtedly delay it again.

If markets are disturbed by the threat from Germany and the fear of a fresh attack any day on the gold bloc, they are cheered by developments at home. Manufacturing activity is expanding, iron and steel activity is at high levels, exports are up slightly, more men are at work, traffic on the railroads is better than a year ago, and telephone and cable service is at a 3-year peak except for 2 Decembers, always abnormally good.

Building activity will get a fillip from the move by the big building societies to reduce their mortgage charges to borrowers from 5% to 4½%. This will cause a similar drop in the rate to depositors. At present most of the societies are offering 3½% on their shares and 3% on deposits. The small societies which offer higher rates are accepting business which the better organizations will not take. Building society interest is paid tax free so that even the new low rates will be attractive to investors compared with gilt-edged yields. Main fear is that if a slump comes many of the



**GAS-MASK-CONSCIOUS**—When, as, and if, the next European war develops, this clerk in a store in Rome and the customer whom she has just provided with a gas mask will be ready to protect themselves against air raids and chemical attacks. And so will thousands of other civilians in Rome, Paris, London, Prague, Berlin, where masks have become not an interesting relic but a grim reality.

purchasers of small dwelling houses may be forced to default. A secondary fear is that the wave of small, living-room-plus-garage houses bought some 4 or 5 years ago may come on the market to be rented as owners find that families increase. The societies are also now faced in many areas with increased competition from 1- and 2-room apartments which are increasingly popular.

## Germany

**Export subsidy plan is studied but no final scheme announced. Credit to Soviets is loose agreement to expand exports, possibly bring gold to Germany.**

BERLIN (Wireless)—The Easter holiday and the "royal wedding" of General Göring have taken Germany's mind temporarily off the political situation in Europe. Internal business is featureless though industries are working at a high rate of speed. Stock prices, following the holiday, were down slightly.

No agreement has yet been reached by government officials on a plan for the subsidizing of exports but the government is urging all manufacturers to push export business, at the expense, if necessary, not only of profits but of amortization and reserves. Raw materials are scarce, and it is necessary to export if Germany is going to build up the necessary funds with which to restock raw material needs.

At first sight the Soviet-German trade agreement signed at Berlin on

Apr. 9 (BW—Apr 13 '35) and providing for the placing of RM200 millions' worth of Soviet orders with German manufacturers represents a complete departure from the method of financing in use heretofore. A closer scrutiny divulges, however, that the difference is not so great after all.

It is true that instead of the individual commercial credit granted by German manufacturers, the Soviet government, or the Soviet Trade Delegation at Berlin, obtains a bank credit from a consortium headed by the Deutsche Bank and Discontogesellschaft. However, as German official comments now take care to point out, this is neither a loan nor a bank credit which will be at the free disposal of the Soviets. It will only be available for the payment of bills drawn by German manufacturers for merchandise delivered to the Soviet government.

### Manufacturer Is Responsible

Although it is stated that the manufacturer will receive cash for the entire amount, his position is not radically altered. The Reich will, as heretofore, provide a guarantee for 70% of the value of each bill. But the manufacturer will remain responsible for the remaining 30% till the expiration of the credit, in this case, 5 years.

Extension of the period of credit is the most important gain of the Soviet government. Instead of credits for 15, 21, and 28 months, as foreseen by the old agreements, they obtain credit for an average of 5 years. On individual transactions, the credits will be for 4½, 5, and 5½ years in order to prevent a cumulation of maturities within too short a period. Besides, the original

orders will be spread over at least a year which will spread maturities accordingly. It is understood that the new terms are only to apply to "additional business," that is, to Soviet orders placed in addition to the regular business which amounts to some RM60 millions a year (based on 1934 figures). It is also of importance that the whole deal is only what the Germans call a "frame agreement." That means that whether orders are placed for the entire amount of RM200 millions is subject to German manufacturers quoting reasonable prices." There is, therefore, nothing to prevent the Soviet government from finding the prices "exorbitant," if in the meantime they should be successful in securing equal or better terms elsewhere—probably in France, or in Great Britain.

A feature of the agreement is that, if it works satisfactorily, it will reverse Germany's present heavily adverse trade balance with the Soviet Union. It makes provisions for Germany to buy Soviet raw materials and other goods in the amount of RM150 millions in 1935 (against actual Soviet imports into Germany of RM210 millions in 1934). The Germans are therefore expecting an active trade balance against an adverse balance of RM145 millions in 1934.

Furthermore, as the Soviets still have to repay about RM200 millions of old trade debts in 1935, it is expected that gold shipments, which have practically been discontinued since last September, will be resumed. This would, as during

the first half of 1934, be the only source from which the Reichsbank could replenish its depleted gold reserve.

## Canada

**Government will aid in search for gold. New Dominion bond exchange opens. If Bennett fails to run in coming elections, Stevens is likely to head Conservatives, causing a split.**

OTTAWA—"Thar's gold in them thar hills" all across Canada, and for the first time the government of Canada is to take a hand in finding it. A scientific search for gold-bearing geological formations in all parts of the Dominion is to be conducted by the federal Department of Mines this summer. The government is having Parliament appropriate \$1 million for the search, which will be conducted by 180 prospecting parties headed by geologists, and manned mainly by university students. About 900 men will be engaged in the work. In Nova Scotia 12 parties will work, in New Brunswick 4, Quebec 15, Ontario 30, Manitoba 20, Saskatchewan 40, Alberta 8, British Columbia 20, Northwest territories 10, Yukon, 5.

The aim is not actually to find the gold or stake it. The Canadian government is not competing with prospectors and other mining interests, but assisting them. The scientific parties will compile geological data to guide prospectors.

None of the searchers will be allowed to stake claims.

For the 12 months ended Feb. 28, Canada produced 2,978,592 fine ounces of gold worth \$103 millions, \$14 millions more than the previous year's 2,940,030 fine ounces brought. Having passed the United States, Canada now claims third place in gold production, following South Africa and Russia.

Canada now has a Canadian bond exchange. It opened this week at Toronto. For a time it will function mainly as a clearing house for quotations rather than as a trading center. It will have a quotation and statistical department, and will have connections with Canadian and United States markets. Eventually it will function after the manner of a stock exchange.

Ford of Canada operated its Windsor factory and branches with a net profit of \$1,878,000 for 1934, compared with a net loss of \$620,000 for 1933.

### Business Index Rises

The Dominion Bureau of Statistics' economic index for the week ending Apr. 13 was 102.9, or 11.5% higher than the corresponding week of 1934, and 2.6% over the previous week.

Prime Minister R. B. Bennett is now on his way to London to represent Canada in the King's Jubilee celebrations and there is no certainty that he will return to lead the government forces in the coming general election. He left Canada after 7 weeks in bed with a heart condition. In London, he will consult specialists, who probably will return the final verdict as to whether it is safe for him to go through the strain of an election campaign.

Before he left Ottawa, it is reported, Conservatives in parliament, anxious about the party's election prospects, approached him with a view to bringing about a reconciliation between him and H. H. Stevens, former Minister of Trade and Commerce and former head of the Price Spreads Commission, who resigned both his offices because Bennett and other ministers charged him with unfairness to certain big business interests. Bennett, it is said, would not consider a rapprochement, and would not consent to take Stevens back into the cabinet.

### Stevens Has a Following

A few days ago, when Stevens clashed in the Commons with some of his former ministerial colleagues, Conservative members cheered him to the echo. If Bennett is forced by his physical condition to retire, the rank and file of the ministry's followers in parliament will demand that Stevens replace him. They share with a large section of the public the view that Stevens, with his radical program for regulation of business to eliminate such evils as were revealed by his commission, would have a good chance of leading the Conservative party back to office. His selection for the leadership would cause a split in the party, as several of his former cabinet colleagues are opposed to him. He in turn, if he were made leader before the election, probably would retire a number of them and replace them with younger and more radical Conservatives.



**KANG TEH'S ROYAL RIDE**—Beside Emperor Hirohito of Japan (left), Emperor Kang Teh of Manchoukuo (the former Henry Pu Yi, elevated to monarchy by his carriage mate) gets a close-up view of Japan's military strength on Yoyogi Parade Ground in Tokyo. From the time he landed April 6 until he left a fortnight later, Kang Teh, first crowned monarch to set foot on Japanese soil, saw little else but armed men, for Japan took extraordinary measures throughout the visit to safeguard the "brother emperor of East Asia."

# Money and the Markets

**With the market and Mr. Morgenthau both firmer, speculative spirits are rising fast. Refinancing successes make a stir in bonds. Led by utilities, stocks advance sharply.**

SENTIMENT in the financial districts continues on the mend. Outstanding success on the biggest corporate refinancing so far undertaken, new high prices for securities, both speculative and investment, a further broadening of public interest in market events, all these contributed to lift speculative spirits in the market places. A firm tone in commodities generally operated to minimize disturbances in the grains upon the failure of an important firm in that line.

Silver prices, jumping 3¢ and 4¢ a day, have forced further upward revision on the government's "premium" figure on new metal, Oriental speculators taking quick advantage of the price guarantee that the buying program gives the metal.

The latest move of the government in its refunding program met with enthusiastic response. Things are running so smoothly in the Treasury's affairs that Secretary Morgenthau was emboldened to tell bonus advocates that adding cash payments to the deficit would disturb government credit. Such an observation 6 months back would have been damaging to the market on government securities. This week the market ignored it.

## Attitude on Borrowing Approved

In fact, financial interests liked official acknowledgment of the fact that there is a limit upon government borrowing and upon the directions in which its funds may go. Complacency toward continuing deficits rests upon the idea that they are being incurred for relief purposes as outlined in the President's budget message and upon the presumption that they will taper off fast enough to allow a balanced budget, possibly 2 years hence. It is vitally important to smooth operations of the Treasury that this attitude continue.

Under its present system of issuing bonds to banks there can hardly be said to be any quantitative limit on its borrowing ability. But psychologically there are limits and of a very flexible nature. Should any considerable group of government-bond-holding institutions start liquidating or even strike against further buying, the market could break precipitately.

At the same time, it was noted that the Treasury already had prepared a tax to provide for a compromise bonus measure, tending to confirm the fact that the Administration was ready to accept such a compromise. Taking the form of increased death taxes, the proposal was naturally unwelcome to those who will bear the levy. They resent the encouragement of the "share-the-wealth" advocates as much as the elation of the bonus crowd.

Banking interests were made unhappy

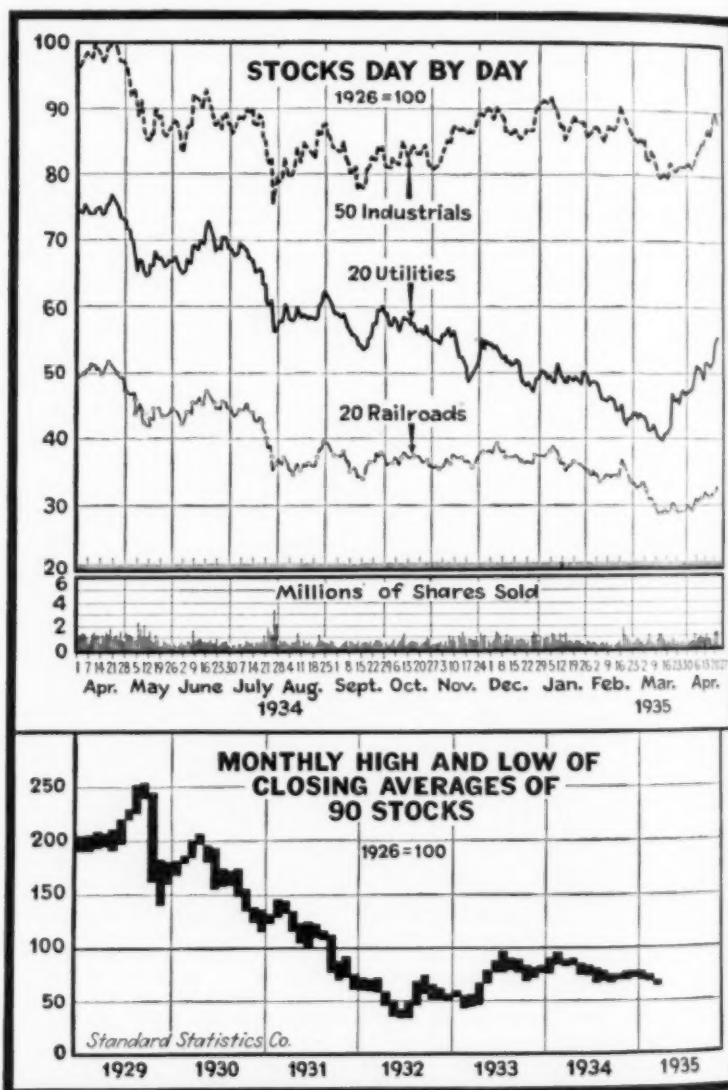
by the progress of the banking bill toward passage in the House, although they still hope to get the objectionable Federal Reserve amendments held up in the Senate which now has the measure in committee. As reported to the floor in the House the bill looks worse to them than when submitted to the committee. One provision that the big banks liked, forcing all banks into the Federal Reserve system by July, 1937, was eliminated. In lieu of an open-market policy committee upon which the banks would have 2 representatives against the 3 government appointees, the present wording of the bill puts absolute control of open-market operations in the Federal Reserve Board.

The only voice left the banks would be through an advisory committee of 5 members selected by the Reserve banks with which the Board would consult.

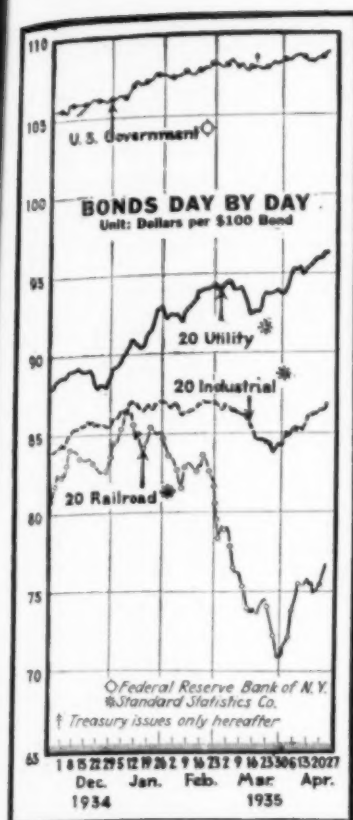
That would leave the situation much as it is now with these exceptions: (1) The advisory group would be cut down from the present total of 12, including a representative of each of the Reserve banks, and (2) a policy established by the Board, with or without committee approval, would be obligatory, whereas now any Reserve bank has the privilege of refusing to follow the Board's dictates. Incidentally, Governor Eccles, chief Administrative advocate of the measure, received his Senate confirmation this week.

## Money Rate Cuts Spread

The wave of easing money rates that rolled in 2 weeks ago when New York banks cut interest on brokers' loans to 0.25% has spread generally through the banking structure. Inland banks have been forced to withdraw what funds they have had in New York because the rate now offered exactly equals the charge made by their correspondents.







for handling the loans. Out-of-town bank loans had run off to \$119 million during the prolonged period of slack demand and low rates, but these funds backing up into interior centers set up a succession of rate cuts in other types of credit, enlivened the demand for commercial paper and acceptances. On the latter there was a quotable reduction of  $\frac{1}{8}\%$  to  $\frac{1}{4}\%$  on maturities above 120 days.

## Bonds

TERMS of the government's exchange offering for Liberty Firsts called for payment June 15, helped all divisions of the investment market. Holders of the \$1.9 billion bonds, whose coupons ranged from  $3\frac{1}{2}\%$  to  $4\frac{1}{4}\%$ , were given the alternative of accepting new 25-year bonds bearing  $2\frac{3}{8}\%$  or 5-year notes at  $1\frac{1}{2}\%$ . This got around any chance of too much strain being put upon the market for long-term obligations, an important point since \$1.9 billion of the  $2\frac{3}{8}\%$  bonds were just issued to refund the Libertys called Apr. 15, so that the supply is relatively heavy.

The offering was made at par, whereas outstanding bonds and notes of identical character are selling at  $1\frac{1}{2}$  point premium. This alone was enough to assure success. But, in addition, holders were allowed an adjustment of interest which will give them credit for the higher coupon on their present bonds until June 15 and were told that the offering price would go up Apr. 29. This last hint served to speed things

along. Some of the earlier exchange transactions tended to drag out and depress quotations.

Government bond specialists attached particular significance to the fact that acceptance of bonds is almost as great as of notes. Institutional, as well as individual, investors are dividing their applications fairly evenly between the two; even banks that have been slow to take longer-term obligations were splitting their applications in this instance. It was also noted that many holders were selling the  $3\frac{1}{2}\%$  bonds instead of submitting them for exchange. This is the tax-exempt issue held in considerable part by individuals and estates. Cash received for them must go into some other investment and that was a factor in strength throughout the market. At the same time, as long as a premium over the offering price prevails, the buyers will convert. Consequently, the Treasury's operation is not affected, but some additional funds are forced into the already glutted investment market.

### Record Issue Successful

Equally successful and far more interesting to investment circles was the \$73-million Southern California Edison offering, largest so far under the government-regulated market. The banking syndicate mobilized 700 dealers throughout the country to handle the business and found within a few hours after release of the offering that they did not have enough bonds to supply the demand. Dealers reported unsolicited inquiries and orders from individual investors who were, of course, not approached unless they held some of the obligations that will be retired. The bonds were priced to yield  $3.80\%$  and immediately went to a premium over the offering price.

With this accomplishment behind them, bond houses look forward with keen interest to a contemplated financing of Edison Electric Illuminating of Boston, which will have several extraordinary angles. For one thing, under Massachusetts utility regulations, bonds must be sold at competitive bidding. Under the exceptionally easy money market conditions and with the demand for gilt-edge securities seemingly insatiable, there is lively conjecture as to how low a rate may result. In some quarters a coupon as low as  $3\frac{1}{2}\%$  is considered possible although the  $3.80\%$  basis for the California Edison issue set the lowest figure at which any sizable long-term money has ever been borrowed by a utility concern.

### Boston Edison May Try Bonds

It is indicative of the current investment situation that Boston Edison would think of bond financing. Previously it has depended exclusively upon short notes. In fact, the purpose of a new transaction would be to retire \$55 millions of 3-year notes it floated last year, together with \$16 millions of longer standing. The trend of interest rates is disclosed in comparing a suggested  $3\frac{1}{2}\%$  rate for bonds against  $3\%$  paid last year on the notes, which, in turn, replaced  $5\%$  notes.

Weekly the list of prospective financ-

ing grows longer; no less than 25 deals aggregating \$250 millions can be named currently as on the fire. Largest is the \$100 millions for Texas Corp. which this week was officially admitted to be under consideration.

Last week's business included also a \$5-million offering of preferred stock for Reynolds Metals, the most important stock financing under the Securities Act. The \$100 par shares carrying  $5\frac{1}{2}\%$  dividends was sold at par and oversubscribed in one day.

## Stocks

THE stock market continues to make its own good news. Several recent sessions of million share proportions have featured sharply advancing prices. Although the advance has attained a point where attractive profits are available to operators who got in early, such realizing as appears is taken readily. Where it depresses an individual issue, another strong feature appears. This makes for ragged quotations but gives increased stability to the price movement which, in effect, is experiencing reactions and making adjustments as it goes along.

Brokers report that the bulk of the business is of investment type and highly selective; the professional is still on the sideline. Interest centers in quality stocks. There has, of course, been speculative interest in groups breaking into the news, such as the stocks of silver producers and sugar refiners which were brought to attention by commodity price advances.

### Utilities at New High

Utility issues have been the most spectacular factor in the entire market. Having recovered all the ground lost during the "holding company" legislation scare, they are going ahead to new levels—the highest since last November. It is the better grade power stocks that lead the market, investors having reversed their attitude on the outlook for the group, at least enough to conclude that they are cheap at prices barely half those prevailing a year ago. The advertising that the industry is getting from new utility financing at record low rates has also benefited the share market, and some commentators feel that from an operating standpoint the worst is behind the companies. Rising costs of material and labor do not mean as much to utilities as to other industries; their great expense is financial. Meanwhile their power output is not far under 1929 levels, and demands for rate cuts should diminish as other prices go up. Taxes continue to mount but no jolt like last year's gross revenue levy is expected.

Automobile and accessory stocks have been reactionary of late, reflecting a combination of seasonal developments and new uncertainty about possible labor trouble interruptions. But where the speculator, anticipating a summer let-down in motor activity, drops the automotive shares, his attention is at once switched to sections of the list where business is opening up, as in merchandising, building, and aviation.



Y. W. C. A., Cleveland, Ohio

## CLEVELAND "Y" SLASHES HEATING BUDGET 33 P.C.

Investment for Webster Moderator  
Control Will Pay for Itself  
In About Five Seasons

### WELL-SEASONED INSTALLATION

Cleveland, Ohio.—Fuel savings obtained in the Central Building and Annex of the Cleveland Young Women's Christian Association have fully demonstrated the value of the Webster Heating Modernization Program completed there in December, 1932.

Miss Mabel Head, General Secretary, Greater Cleveland Y. W. C. A., reports that steam consumption is 33 per cent under previous years and that 28 per cent of the original investment has been liquidated after one and one-half heating seasons.

In the fall of 1932, a survey revealed the possibility of savings through heating modernization. Webster engineers estimated that the reduction of the fuel bill should be sufficient to recover the cost of the new program in about five years. It was also pointed out that these savings should be increased if steam rates rose (which they did) and there should be a material increase in comfort.

The modernized system actually reduced steam consumption 1,359,000 lbs. during the balance of the '32-'33 season. During the first complete season, '33-'34, steam savings amounted to 4,640,000 lbs. Thus, in less than two complete seasons, the modernized system cut the fuel bill about 33 per cent and returned 28 per cent on the original investment.

The installation work, which included changeover from one-pipe airline to two-pipe Webster Moderator System, was done by the Smith & Oby Company, prominent Cleveland heating contractors.

Mr. Walter Klie, president of the company, declares that this "well-seasoned installation" is an effective argument for the savings and better heating possible with Webster Heating Modernization. He subsequently has done the installation work on three similar Webster jobs.

If you are interested in (1) improved heating service and (2) lower heating cost in your building, address

WARREN WEBSTER & CO., Camden, N. J.  
Pioneers of the Vacuum System of Steam Heating  
Branches in 60 principal U. S. Cities—Estab. 1893

## Commodity Markets

FIREWORKS in grains and silver distracted attention from the quiet firmness in most other divisions of the commodity markets last week. Grain speculators, already distraught over the uncertainties of a bad weather market and a ticklish supply situation immediately ahead of May deliveries, most important of the season, encountered still more trouble this week in the failure of one of the important cash grain houses in Chicago. Rosenbaum Grain Corp., operators in both futures and actual grain and owners of the biggest elevator capacity in Chicago, filed a debtor's petition in the Federal Court under Section 77-B, but obtained an injunction restraining the Board of Trade from suspending their trading privileges.

All of the Board's pits were closed for a full session. Officials considered it impossible to comply with the injunction and permit trading by an admittedly involved concern; hence they effected an agreement under the Court's authority to suspend the firm's privileges pending reorganization and requiring liquidation of its accounts. To avoid contempt, they delayed opening during these negotiations and then continued the suspension in order to give traders an opportunity to diagnose the situation which took the market completely by surprise. There was also fear that the public might confuse the failing concern and Rosenbaum Brothers, one of the most prominent firms in the grain business.

### Market Absorbs Adjustments

Benefiting by this recess and a strong technical situation resulting from the sharp break in prices just before the news hit, the market absorbed the adjustment transactions that came out of the failure with a minimum of disturbance. There was barely a reflection of the trouble in markets for other com-

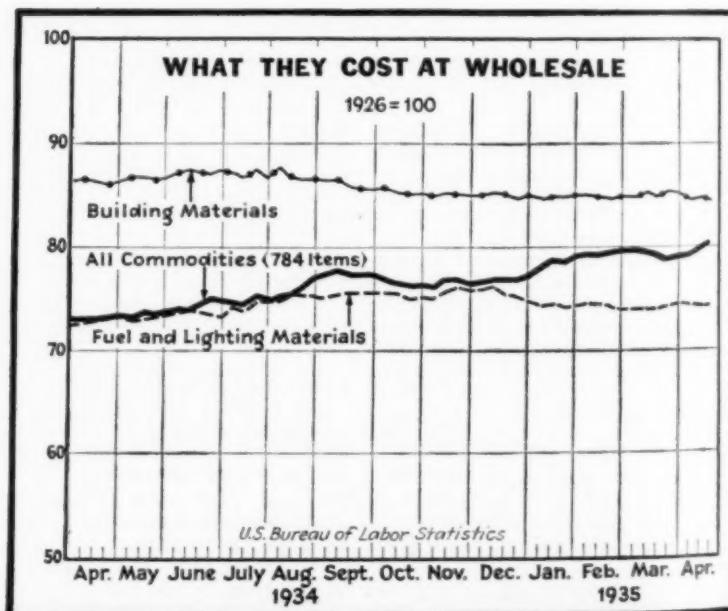
modities, due primarily to the specialization of Rosenbaum Corp. in grain and primarily in the cash division of that market.

Traders in commodities other than silver have long looked enviously upon that market, favored as it is by a government guarantee of advancing prices. Even the 50% tax levied upon profits in the metal appeared reasonable, for with the government definitely committed to a purchase program that would inevitably move prices up, investment seemed to be a sure thing. But those who had been tempted into the operations by such enticement were given a shock this week when the government delayed before moving its price peg up when the world market reached and actually passed the figure set by the Treasury on newly mined metal.

### Government Frightens Speculators

Operators of the government's silver pool merely used the opportunity to give them a fright. In the long run, the certainty of higher prices on silver forces the official prices upward. Over the last year purchases of some 255 million oz. in world markets has sent the price up from 45¢ to above 70¢, and stocks are still 1 billion oz. below the figure needed to provide the 1 to 3 ratio to gold stocks.

Features of strength last week were scattered among the less prominent commodities such as hides, rubber, and sugar. Raw sugar sold at the best price since 1928, and prices on refined sugars that had been lagging behind on the advance were pushed up to 5.1¢, highest since 1930. Rubber prices are responding to the fundamentals of curtailed supplies and record consumption; they reflect trade confidence that the incipient tire price war will end soon if the heavy inventories continue to melt away as rapidly as they have of late.



## Editorially Speaking—

STUDEBAKER, reorganized and starting a new drive for a place in the sun, addressed a recent advertisement to competitors. "During the past two years, while Studebaker was in receivership, it was a great temptation for other manufacturers to use that fact against us. You fought us, but you fought fair. Therefore we thank you, and we now promise you some fight for fourth place in the industry"—Emphasizing the fact that its workmen are experienced, the company says the average age of employees is almost 40; there are more over 50 than under 30.

TRADING in cheese futures will be resumed on the Chicago Mercantile Exchange May 1, with new rules. If you feel like taking a flier in cheese, you find the trading unit is a carlot of 22,000 lb. and the standard is the Wisconsin State Brand colored single daisy, which probably isn't funny at all to a cheese man but is bound to provoke ribald jokes among the laity.

OKLAHOMA'S Insurance Commissioner has been considering a plan for penny-in-the-slot life insurance—\$200 insurance for 24 hours, to be sold through scales—but has made no ruling on the application. This isn't cheap, by the way. It is at the rate of \$18.25 per thousand for term insurance on selected risks. The insured obviously is able to walk around town; as soon as he takes to his bed he can't go get weighed daily at the corner cigar store. So it almost comes down to insurance against instant death by accident or heart failure.

TWICE as many accidental deaths occurred in the homes of the United States in 1934 as in factories. The figures are 33,000 as against 15,500—National Safety Council estimate. The moral is not that factories are so safe, but that homes are so unsafe. Here is an advertising theme and a great market for a wide variety of businesses. For example, falls killed 12,000 to 14,000 persons in their own homes. Non-slip rug linings, mats for tubs and showers, better lights for stairways, more switches so no one will have to grope in the dark, more adequate lighting generally—these are sales that suggest themselves at once.

If you insist on inventing something, invent some little gadget. Inventors of the airplane, telephone, and automobile made no great fortunes. But the collar button with a turn-down clip earned \$3 millions, the peg golf tee \$3 millions, the metal cap for beverage bottles, \$1 million a year. It is well, also, not to be too far ahead of the times. In-

ventors' Foundation, source of these observations, points out that one Samuel R. Calthorp of Roxbury, Mass., got a patent on a streamlined train in 1865, its design startlingly like today's.

It is wholly unreasonable, but there is no denying the fact that a slightly disparaging atmosphere still clings to the term "synthetic." Makers of Plaskon, urea plastic, sagely comment that nearly everything worth while is "synthetic." Steel is. So are concrete, silk, bricks, bronze—nearly every material we use except wood, native stone, hides. "One might make a good argument that all the best things of life are synthetic. Literature is. Music is. All arts are.

THE exchange professor is a familiar figure; Germany now proposes the exchange business man. A committee which is a regular Who's Who in German business is trying to work out the plan. The idea is to select young Germans of the highest character and best personality who have had about 2 years' experience in banking, industry, or commerce and have them swap jobs for a couple of years with men of the same age, experience, and fitness in foreign countries, including the United States. The result desired is the broadening of experience and outlook of those who in due course will be the heads of the principal business institutions of the various countries.

BOCK beer is a great success this year. The season in the East was set for 10 weeks beginning Mar. 13; in 5 weeks the supplies are virtually exhausted, with consumption about 25% ahead of 1934. The season has just begun on the Pacific Coast. The brewers suggest various reasons for the boom. The most plausible of which is \$800,000 spent on advertising and promotion for bock.

YOUNG men are deciding that it may, after all, be worth while to prepare for a business career—business once more looks as if it might survive, and furnish jobs. That is the inference the Harvard School of Business Administration draws from the fact that applications for admission next September are running 25% ahead of last year's figures.

AMERICAN TELEPHONE & TELEGRAPH, great annihilator of space and time, nevertheless has birthdays just like the rest of us. Its fiftieth falls on Sunday, Apr. 28. The figure undoubtedly is right, but somehow it was a bit of a shock to us. A.T.&T. doesn't act that old, always impresses us as spick and span and up to the minute, like a smart youngster.

## How many dates are today?



THE 5th of the month on the calendar—but to your Billing Department the 30th of last month. Stop this end of the month rush, and the mistakes it brings. Don't delay getting in your money, because your invoices are late into the mails!

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APRIL 27, 1935

## It Is Time to Be Annoying

Senator Fletcher, chairman of the Senate Banking and Currency Committee, quoted President Roosevelt directly last Saturday as saying that he wanted Title II of the proposed banking act passed in the form in which it was written originally and presented to Congress by Chairman Eccles of the Federal Reserve Board. At this writing the President has not repudiated Mr. Fletcher's statement. It is fair then to assume that the confiscation of our banking and credit structure for political purposes is one of the legislative schemes which the Administration will undertake to force through the present session of Congress. This is important, because until now business and banking have put some dependence upon the intimation by congressional leaders that the President might be willing to accept Titles I and III of the Act and leave Title II for later consideration.

Title II proposes to deliver complete control over credit as well as currency to a political administration. It takes another step in the direction of freezing commercial credit in capital investments by authorizing member banks to invest in real estate loans having maturities as distant as twenty years.

Few business men, or bankers either, understand the full implications of these proposals. Extra-legally the Federal Reserve Board has always dominated the twelve Federal Reserve Banks and, indirectly, the member banks of the country. By loans and stock purchases, in many cases forced upon the reluctant banks, the government already has a large proprietary stake in our banking institutions. With the passage of Title II the government can convert the commercial credit of this country into frozen assets, force billions of dollars of government bonds into the banks to finance any scheme it can induce Congress to authorize. Such inflation would have no cure except deflation and depression. Our last two panics were built upon such acts supported by arrogated power. Given legal authority nothing better is to be expected from the government.

The Administration no doubt sincerely hopes for business recovery, although it wants credit for the accomplishment and expects to reform business in the process. It sees the

commercial banks bulging with \$2 billions of excess reserve and itches to get its hands on those funds for its pump-priming operations, which mean capital investments. It seems to have no comprehension of the difference between the liquid capital of commerce and the fixed capital of investments.

And yet there is an abundance of investment capital in this country. No industry is in poorer credit position than the utilities, but California Edison has been able to sell \$73 millions of 25-year bonds on a 3.8% yield basis. Surely that indicates there is no need of freezing the commercial credit of this country in capital expenditures. Investors are hungry for good bonds and industry is anxious to use the funds of the commercial banks to finance new production. All that is needed to stimulate either is confidence in the political and industrial future.

Senator Fletcher frankly expresses his irritation because he is beginning to receive a flood of letters protesting against Title II. The lamentable thing is that business has been so slow to realize the menace of the act and so few business men have annoyed Senator Fletcher and his dignified associates with their protests against turning our credit structure over to politics. Senator Fletcher proclaims an emergency and demands the passage of Title II "to put an end to indefensible expansion and contraction of credit for private profit at the expense of the public."

Twice in 10 recent years this country has been ravaged by panics which were caused, as Senator Fletcher says, by "indefensible expansion." But it was not expansion "for private profit." In both cases inflation was arbitrarily and artificially created by the then national Administration. It was created for political purposes and maintained far beyond the danger point because no politician dared raise interest rates, call loans, and deliber-

ately deflate. It is too much to expect that any Administration in the future will ever have the courage to put on the brakes and stop a period of expansion until the bubble bursts in the old-fashioned way.

The regulation of banking and credit must be trusted to someone. As between bankers and the political administration we should choose the bankers without hesitation, but there is no occasion for such a choice. It would seem time for banking and business to give serious consideration to the question of creating a monetary authority in this country which would be free from dominating influence of either bankers or politicians. Such a board could be chosen with full assurance of the same competence and integrity that characterizes justices of the Supreme Court.

## Big and Little Business Speaks Through Chamber

The twenty-third annual meeting of the Chamber of Commerce of the United States opens in Washington Apr. 29. Never since the Chamber was organized has there been greater need for it to give effect to its original principles. Never has its opportunity for leadership been greater.

More than any other organization, the National Chamber represents a broad cross-section of American business and particularly of little business. Chambers of Commerce in almost every city and many of the villages of this country constitute the backbone and the support of the Chamber. This membership of thousands of scattered businessmen peculiarly typifies the American tradition in business. They believe in common sense principles of economy. Their opinions on matters of national importance seldom find expression except through the national body in the Chamber.

There is every indication that a majority of the membership of the Chamber resent and repudiate the socialization of our banking system, the confiscation of our utilities and the regimentation of business and social life under administrative dispensation. All of these topics are on the calendar of the convention. Out of that meeting should come a clear expression of the opinions and demands of American business.

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